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NEWS SUMMARY

Riots in Belfast after second prisoner dies

IRA hunger striker Francis Hughes died in Belfast's Maze prison after a 59-day fast.

An IRA day of mourning was expected to be declared, like that which followed the death in the Maze last week of Bobby Sands MP.

Three more Republican terrorists are continuing to refuse food, and two of them are seriously ill after 51 days. All are seeking political status, which the Government has refused to concede.

Rioting broke out in Catholic areas of West Belfast shortly after the announcement of Hughes's death was made.

Ministers were adamant last night that there would be no change of Government policy, believing the tough stance has overwhelming public support *throughout the UK and in* Parliament. Labour Left-winger Tony Benn, however, called earlier in the day for phased withdrawal of British troops from Ireland. Parliament. Page 12

GENERAL

Middle East tension worsens

The threat of war in the Middle East worsened as Israel confirmed a Syrian missile attack on Israeli planes flying over Lebanon. Back Page

Inquest ruling

A High Court judge refused an application by parents of 13 black children killed in a south-east London fire for the incomplete inquest proceedings to be quashed. But the eventual verdict will be open to challenge.

Judge killed

Northern Circuit judge William Openshaw died after a struggle outside his Lancashire home. Police were seeking a man seen running away.

Ripper 'not mad'

Yorkshire Ripper Peter Sutcliffe said at his Old Bailey trial there was "nothing serious at all" wrong with his mental state.

Pay talks refused

Civil Service union leaders will decline the Government's offer of further pay talks. Page 11

Healey hits out

Labour deputy leader Denis Healey made a scathing attack on the Left. Back Page

Cheques change

Barclays Bank is poised to introduce charges for personal customers of other banks who cash cheques at its branches. Back Page

Heart to heart

Surgeons at Hillingdon gave Yorkshire printer Peter Scott, 51, a second heart alongside his own. His condition was "stable."

Homeward bound

Five Dutchmen arrested and charged with illegally importing cannabis after their tug Sea Rover was fired on by French gunboats, have jumped bail and returned to Holland, Lewes magistrates were told.

Poles celebrate

Thousands of Polish farmers celebrated the official court registration of their independent trade union. Page 2

Cash flow

A £250,000 contribution from Anglesey council's oil revenue fund—a levy on Shell Oil imports through the island—enabled the council to raise £400,000 to buy the Charles Tunnicvliffe collection of animal and bird drawings.

Briefly . . .

Fire made 35,000 homeless and destroyed 6,000 buildings in West Mandalay, Burma.

Botanist Dr. David Bellamy started a campaign to save British butterflies.

RNLI lifeboats saved 1,215 lives last year, at a cost of £12m. Page 10

Wavepower energy tests may be abandoned by the Government. Page 9

BUSINESS

$9 loss for gold; gilts off by 0.66

● GOLD fell $9 to $482.5.

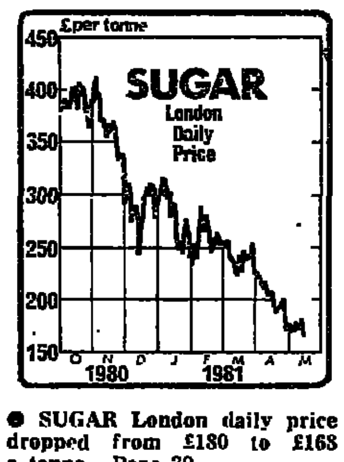
● DOLLAR strengthened to DM 2.2955 (DM 2.2830), FFr 5.5340 (FFr 5.5025) and Y219.75 (Y217.85). Its trade-weighted index rose to 105.9 (104.6).

● STERLING closed at $2.0880 ($2.1020), its lowest since *November 8, 1979, and slipped* to DM 4.7950 (DM 4.80) and FFr 11.5550 (FFr 11.5650). Its trade-weighted index fell to 98.9 (99.3). Page 34

● GILTS suffered on esclation of the Civil Servants' dispute. The Government Securities index shed 0.66 to a 13-month low of 66.39. Page 40

● EQUITIES had a sharp setback on U.S. interest rate fears and the aftermath of the French Presidential elections. The FT 30-share index was off 10.9 to 556.0. Page 40

● WALL STREET was up 1.71 to 965.14 near the close. Page 38



● SUGAR London daily price dropped from £180 to £168 a tonne. Page 39

● ZINC price rise from $875 to $925 was announced by Cominco of Canada. Page 39

● HOMESTAKE MINING, the largest U.S. gold producer, more than trebled to 3.2m ounces its estimate of gold reserves in its Napa county, California, prospect.

● BURMAH OIL is about to start a £1bn court battle with the Bank of England. Back Page

● LONDON TRANSPORT *made* a surplus of £1.1m last year, compared with a deficit of £15.7m in 1979.

● COAL PLANT research findings at Grimethorpe, South Yorkshire will not be available to the U.S. Government if the U.S. pulls out of funding the project, the Government warned.

● COSTAIN Group, construction and development holding company, reported 1980 pre-tax profits down from £47.65m to £42.55m. Page 26; Lex, Back Page

● COMMERICIAL UNION Assurance Company first-quarter underwriting losses were up from £13.5m to £25.2m, and pre-tax profits down from £26.3m to £16.6m. Page 26; Lex, Back Page

● BRITISH SUGAR Corporation reported pre-tax profits up from £13.9m to £18.1m for the half-year to end-March. Page 26; Lex, Back Page

BL to close Rover plant and end TR7 production

BY KENNETH GOODING AND NICK GARNETT

BL is to close the £27m Solihull Rover plant and also production of the TR7 sports car as part of a new package of cuts. The Solihull plant in Birmingham was heralded as one of the most modern in Europe when it was opened only five years ago.

It is unofficially estimated that the combined impact will cost at least another 4,000 jobs and possibly as many as 6,000 throughout the BL Cars industrial complex.

Mr. Ray Horrocks, chairman of BL Cars, said yesterday that the recovery plan for the company was threatened by a fall in demand for cars, made worse by some Budget measures. These have encouraged a switch from larger, highly-profitable vehicles to smaller economical cars such as the Metro.

"The car companies must face up to reality and that means wet must accelerate cost reductions to cope with the continuing recession and maintain progress with the recovery plans. Government money for new products will be spent on new products. We must absorb extra costs ourselves."

Reaction from union leaders, obviously shocked by the scale of the latest rationalisation proposals was muted, even though they expected further cuts.

Car assembly at Solihull will end by next April, with production of the Rover transferred to Cowley. Nearly 3,000 people are employed in the Rover plant which has been producing only 800 cars a week compared with its capacity for producing 3,300. Land-Rover operations at Solihull will not be affected.

BL said the Rover plant would be maintained so that it could be used either for future vehicle assembly or offered for sale to another company. However, potential buyers must be few and far between, given the current over-capacity in the motor industry.

The decision to discontinue manufacture of the TR7 will not only take BL out of sports-car production but will also have a major impact in the U.S., where the dealership network was already in disarray following the cessation of MG production. Mr. Horrocks said he hoped Jaguar would preserve a foothold in the U.S. for BL Cars.

The future of the Speke plant near Liverpool, which provides pressings for the TR7 and where 1,100 are employed, is seriously threatened. BL said its future would be reviewed "in the light of demand for the remaining products manufactured at the plant."

These are mainly components for the Mini, whose sales have

sunk badly since the Metro was launched.

There will also be an effect on the Swindon plant of BL where TR7 bodies have been produced.

Jaguar, presently suffering losses of £2m a month, will have to take "very firm action," including cutting jobs, BL said.

Another plant at which BL is "looking very seriously" is Coventry Engines, which makes a variety of components. More than 1,000 jobs could go, according to unofficial estimates. BL refused to give any official indication of job losses yesterday, saying discussions would have to take place at plant level before decisions were made.

In addition, declining demand for iron castings means BL is to close its Wellingborough foundry—only four years ago earmarked for a £50m mordernisation programme. That was when Sir Michael Edwardes took over as chairman of BL.

Iron casting is also to end at the Leeds No. 3 foundry, bringing the number of jobs lost to about 620 at these two foundries.

In the BL Parts Division, a major cost-cutting programme will involve the closure of two plants at Cardiff.

Ford dispute, Page 11

Industry faces sharp rise in costs as pound falls

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

INDUSTRY FACES a sharp increase in its new material and fuel costs as a result of the fall in value of sterling against the dollar.

Department of Industry figures yesterday show that cost of materials and fuel bought by manufacturing industry rose by 1.5 per cent in April for a 5.4 per cent increase in the past three months. A further sharp rise is likely this month.

The rate of increase in prices charged in the home market for manufactured products has also picked up from the low level of last autumn. But this partly reflects the impact of indirect tax increases announced in the Budget.

The general implication is that the underlying rate of retail price inflation as measured over the last six months has probably levelled off for the time being at an annual rate of slightly over 10 per cent after the marked slowing of the past year.

A significant re-acceleration is unlikely. What has happened is that the main favourable influence of 1979 and 1980, the strong pound, has been partially reversed.

The consequent rise in raw material costs has been offset by the much lower pay increases of recent months, a far larger component of total industrial costs.

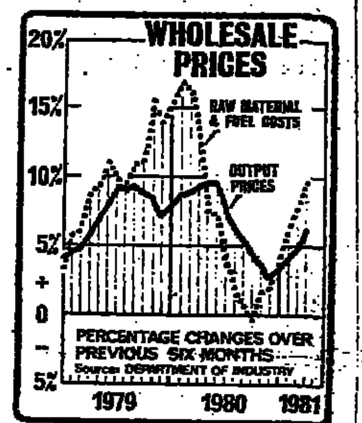
Consequently even the most pessimistic forecasters believe that the 12-month rate of retail price inflation should dip into single figures by early 1982. Whether the rate then picks up will depend on the level of sterling and on wage rises from now on.

In detail, the Department of Industry figures show that the index for material and fuel costs rose by 9.7 per cent in the six monoths to April to 221.0 (1975=100) after a drop of 0.4 per cent in the previous six months.

The contrast is entirely explained by the fall in sterling.

Most commodities are priced in dollars. Therefore the drop *in the pound against the U.S.* currency, 4 per cent on average in April and a further 4½ per cent so far this month, is much more significant than the relative stability of sterling against Continental currencies.

The index of prices charged for manufactured products in the home market (output prices) rose by 1.4 per cent in April to 217.8 (1975=100). About half this increase can be attributed to the increase in tobacco and alcohol duties in the Budget, only part of which



was reflected in the March index.

In the six months to April this index rose by 6.1 per cent compared with 4.2 per cent in the previous half-year.

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Howe on inflation fight, Back Page
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£ in New York

	May 11	Previous
Spot	$2.0950-0960	$2.1200-1220
1 month	1.40-1.47 pm	1.47-1.57 pm
3 months	3.80-3.90 pm	3.85-3.95 pm
12 months	9.85-10.05pm	10.28-10.48 pm

French shares crash on threat of nationalisation

BY ROBERT MAUTHNER IN PARIS

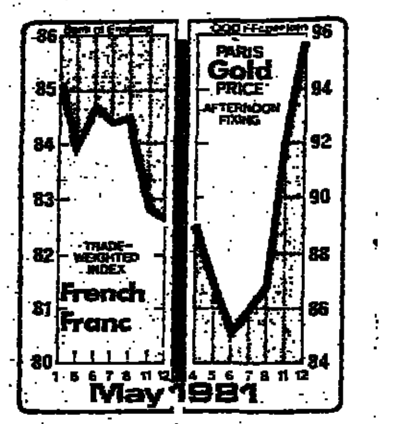
SHARES OF some companies earmarked for state control by M. Francois Mitterrand, the French president-elect, lost more than 20 per cent of their value yesterday in the second successive bad day on the Paris Bourse.

While yesterday's trading was somewhat calmer than "Black Monday" when the quotation of stock after stock was suspended, only about half of the 200 leading French shares could be quoted on the forward market at the end of the session. The rest had to be suspended again because of the absence of buyers for the large number of selling orders.

The bourse said all state loans, most bonds issued by local authorities and public corporations and 35 per cent of shares on the cash market were quoted yesterday.

Of the few quoted shares of companies due to be nationalised, Thomson Brandt, the big electronics group, lost 22 per cent compared with its last quotation on Friday. The private bank Credit du Nord lost 21 per cent and the steel company Marine-Wendel more than 20 per cent.

A leading Paris business and financial newspaper, Le Nouveau Journal, claimed that the bourse's total capitalisation has



registered a loss of FFr 40bn (£3.5bn) over the past two days.

The bourse, which has no jobbing or intermediary arbitrage system, establishes the day's quoted prices in one or two "fixing" sessions during a brief midday trading session.

Brokers' selling orders are matched with buying orders until a price is established at which the maximum amount of shares can be exchanged. This then becomes the day's price.

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Further dollar gains on European money markets

BY DAVID MARSH IN LONDON AND STEWART FLEMING IN FRANKFURT

The dollar swept to further gains against European currencies yesterday. The U.S. credit squeeze drove Eurodollar interest rates to about 20 per cent, up to half a percentage point higher than Monday.

Domestic interest rates in West Germany also registered sharp rises.

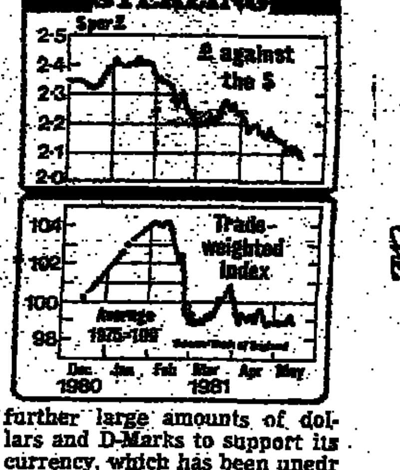
In currency trading, still unsettled by the aftermath of the French presidential election, European central banks made large sales of dollars to restrain the U.S. currency's advance.

Sterling dropped 1.4 cents to close in London at $2.0880, its lowest for 18 months. The D-Mark fell to its lowest for more than 3½ years, closing at DM 2,2955 to the dollar against DM 2.2830 on Monday.

The French franc yesterday remained at the foot of the European Monetary System and lost ground further against the dollar, which closed in London at a 10-year peak of FFr 5.5340 against FFr 5.5025 on Monday.

The Bank of France sold further large amounts of dollars and D-Marks to support its currency, which has been unedr severe psessure since the currency markets opened on Monday.

Foreign exchange dealers rould not estimate the volume of intervention. But it is evident that the French central bank



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U.S. interest rates, Page 24

Cadbury Schweppes rights issue adds to growing list

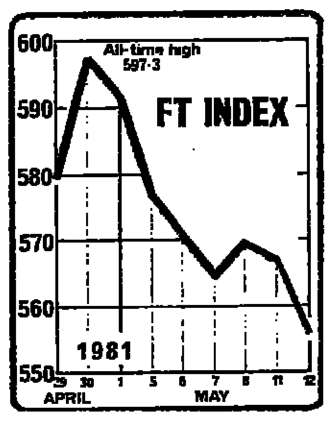
BY IAN RODGER

CADBURY SCHWEPPES launched a £57m right issue yesterday. The move added to a rapidly growing list of big companies making cash calls on their shareholders in recent weeks.

In the past week European Ferries called for £36½m, Barratt Developments for £22½m nd Bestobell for £6.6m. Other recent big rights issues include a £43.3m call from Rowntree Mackintosh and a £30m issue from Northern Engineering.

There is often a cluster of rights issues in the spring when many companies report their previous year's figures. This year the climate for raising new equity has been particularly propitious as the equity market as a whole has been strong.

The FT 30-share index rose from more than 25 per cent in the first four months of 1980, to an all-time peak of 597.3 on April 30. The market has since been falling, partly in response to the flood of rights issues. *Yesterday the FT index was off* 10.9 points to 556.0.



Cadbury's issue is on the basis of one for five at 77p to shareholders on the record on May 5, to raise a net £55.1m after expenses. The company cited the need to expand and to expand and to develop overseas interests.

Cadbury expects at least to maintain the annual rate of dividend at 4.1p net on the en*larged capital.*

Sir Adrian Cadbury, chairman, said this year had got off to an encouraging start notwithstanding generally dull trading conditions around the world. However, no profit forecast is offered.

RIGHTS ISSUES

Year	Amount raised £m
1979	800
1980	1,200
1981	
January	77.8
February	2.07
March	44.97
April	115
May (to dat)	150

Dealings in the new shares are to begin in nil paid form on May 18. The final day for acceptances is June 5. The issue has been underwritten by Kleinwort, Benson and Samuel Montague. Brokers to the issue are Hoare Govett.

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CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES:		
…Tar	38	+ 7
Downing (G.H.)	202	+ 7
Illingworth Morris	23	+ 3
Mercantile House	740	+ 40
Nat. Bk. of Australasia	228	+ 45
Turriff	106	+ 6
KCA	192	+ 5
Messina	335	+ 20

FALLS:		
Exch. 12½% '90 (£40 pd)	£34½	— ½
Exch. 12¼% 1999 B	£88⅝	— 1¼
Akroyd & Smithers	168	— 7
BPB	256	— 9
Blue Circle	470	— 10
Booker McConnell	68	— 4
Brit. Home Stores	173	— 7
Brit. Sugar	320	— 5
Cadbury Schweppes	85	— 8
Cornell Dresses	138	— 15
Costain	244	— 12
Elliott (B.)	195	— 11
European Ferries	138	— 15
Eurotherm	283	— 7
General Accident	322	— 8
Glaxo	336	— 8
GKN	169	— 6
Hall (M.)	385	— 7
ICL	41	— 4
Land Securities	418	— 7
MEPC	238	— 5
NSS Newsagents	180	— 8
Oxley Printing	16	— 3
Polly Peck	280	— 12
St. George's Laundry	102	— 12
Sears	66	— 3
Turner & Newall	97	— 4
Unitech	240	— 10
Central Pacific Mins.	107	— 23
Charter Cons.	245	— 8
RTZ	525	— 13
Southern Pacific Pet.	43	— 11

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For latest Share Index phone 01-246 8026

هكذا من الأصل

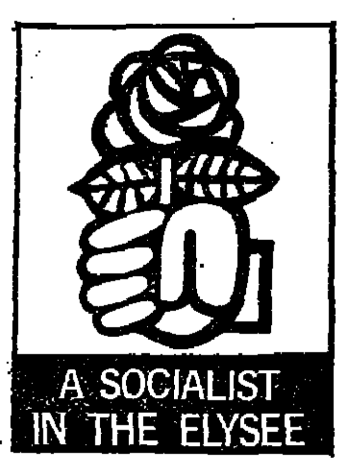
France's managers decide to wait and see

BY TERRY DODSWORTH IN PARIS

"WE WERE reasonably close to the last Government. But some of our men at the top are pretty close to the Socialists as well. Don't forget that a lot of top managers went through the same education as the technocrats at the top of the Socialist Party."

This reaction, from a director on one of the big groups on the Socialist nationalisation list, partly explains why French industry and commerce have not reacted to the Socialist victory with the same degree of panis as the Bourse.

On the Bourse, small investors have a lot to lose, either because many of their stocks stand to be taken over by the Government, or because new savings and investment policies will drain money out of the market and reduce values.



In industry, some companies, or individuals, might do well out of Government intervention and even if they do not, it is not at all clear how far things will change.

Thus most companies are keeping their heads down, waiting to see what will happen. At Thomson and the big CGE group, France's two leading electrical groups, for instance, the most positive comment was: "We are continuing to work as usual." At Pechiney-Ugine Kuhlmann, it was the same message. At Peugeot the company admitted to being "worried," but that was all.

Many of the big nationalisable groups are apparently just as anxious, if not more so, about Socialist proposals to cut the working week to 35 hours and to increase the basic wage. These proposals are probably even more worrying for smaller companies.

Although the new Government will probably aim at tax offsets for these measures, much of industry believes they will be inflationary and probably damaging to productivity.

The other factor overhanging the nationalisation debate is that industry is not quite certain how the state take-over will be engineered. Some senior managers stress privately that they would leave their companies if they were brought under the direct control of the Administration in the manner, for instance, of the railways, but nationalisation in the Renault mould, where the company has great autonomy along with access to the state purse, provokes far less opposition.

One or two of the private banks have attacked the nationalisation proposals much more vigorously than industry, although some, like Paribas, noted for its Government connections, have remained serene.

Paribas and Suez, the two main targets now in the Government's sights have substantial industrial holdings. Given those shareholdings, plus those owned already by the state banks and the Caisse des Depots, the discreet Government-controlled financial institution, the authorities could probably get blocking minorities in several big industrial concerns if they confined themselves to nationalising those two merchant banks. For this reason, some commentators argue that they will be first in line if the Left wins a parliamentary majority this summer.

Fears of a vacuum unfounded

BY ROBERT MAUTHNER IN PARIS

THE INTENTION of M. Francois Mitterrand, the new French President to dissolve parliament and call a general election only weeks after he takes over the reins of office, does not mean that there will be a governmental vacuum in France.

After his official inauguration as President, either on May 25 or 26, M. Mitterrand will immediately appoint a new Prime Minister, who will then form an interim government in consultation with the President.

This government will remain in place until after the general election, expected to be held in two rounds during the last 10 days of June.

Although described as interim, the new administration will be a "real government," M. Jacques Delors, one of M. Mitterrand's closest advisers and a possible candidate for the Premiership, has emphasised.

It will have all the powers given to it by article 37 of the French constitution, which provides for government decisions by decree in those areas for which the constitution does not lay down the adoption of laws by parliament.

M. Delors made it clear that the interim government would have three missions.

In the first place it would appoint a panel of experts to draw up a document roughly comparable to the U.S. "State of the Union" message, which would concentrate particularly on what needed to be done in the economic and social sphere.

Second, it would initiate a wide-ranging discussion with the employers' organisations, trade unions and other representative bodies on the main problems facing the country.

Last, but by no means least, the Government would adopt some of the main measures already outlined

The measures expected to be adopted by decree by th intrim Government would include the first steps of a public investment programme to stimulate the flagging economy, the raising of the incomes of the poorest groups and, after consultations with the unions and employers' federation, an increase in the national minimum wage.

M. Delors has admitted that the interim administration's action will be limited by the constitutional constraints on a Government which does not intend to submit its draft legislation to a National Assembly in which it does not have a majority.

If the general election does not result in a clear left-wing parliamentary majority favourable to M. Mitterrand, the President would still have considerable room for manoeuvre. He has repeatedly stated that his government would reflect the composition of the new parliament, whatever its colour.

Socialist plan for CAP 'will be major influence'

BY JOHN WYLES IN BRUSSELS

THE EUROPEAN Commission meets today to begin defining possible options for reforming the Common Agricultural Policy, and the 14 members would be well advised to scan a French Socialist Party report which is expected to be a major influence on President-elect Francois Mitterrand's approach to this key issue.

Published by 22 French Socialist members of the European Parliament, the report's plan for the CAP has been publicly commended this week by M. Claude Cheysson, the European Commissioner who is widely tipped to be M. Mitterrand's first Foreign Minister.

Its main interest lies in the fact that it is not as rigidly conservative about the CAP as President Giscard's policies

It argues for comprehensive changes which would contain costs and decentralise administration through the involvement of farmers' organisations.

The quantities of production which would receive full price support would be determined according to the size of the EEC market for the product and the export possiiblities.

Production would be encouraged of soya and other protein rich commodities. An original idea in the report is the creation of agricultural trade agencies based on national and regional producers' organisations

These organisations should enable producers and workers to contend properly with the power—so far abused—of the (food export) dealers,

Another contribution is that the EEC should levy automatically all foodstuffs produced in the Community to create an agricultural fund for distribution among the world's hungry.

M. Mitterrand: wartime record questioned

Honour dictates a resignation

By David White in Paris

RESIGNATION WAS the only honourable option for General Alain de Boissieu, son-in-law of Gen. de Gaulle. So, he handed in his notice yesterday as Grand Chancellor of the oldest and most distinguished of French orders, the Legion of Honour—the first job to go as a result of M. François Mitterrand's election as President.

A week ago, the 67-year-old General, former chief of staff of the French army, kicked up a big political row by threatening to do just that—to quit if M. Mitterrand for many years Gen. de Gaulle's chief opponent, won the day.

Accusing M. Mitterrand of having insulted his illustrious father-in-law and calling into question the Socialist leader's war-time resistance record, Gen. de Boissieu refused to hand the symbols of office to such a man. The President automatically becomes Grand Master of the Legion of Honour, the order introduced by Napoleon Bonaparte 179 years ago.

His threat, considered by many as an unjustifiable attempt to influence the election outcome, brought howls of protest, including some from prominent members of the resistance.

The independent-minded Vice-Admiral Antone Sanguinetti went as far as to say the General should be put under close arrest.

M. Mitterrand is already an officer of the order, the middle grade between Knight and Commander.

Gen. de Boissieu's resignation from the order's top administrative post was accepted by the Elysée Palace yesterday, taking effect at the time the Government changes the week after next.

A former Defence Minister, M. Jacques Soufflet, has also resigned from the Legion's council.

The General had only just been reappointed by President Giscard d'Estaing for a second six-year term. The Grand Chancellor is also Chancellor of the National Order of Merit.

Premier's hand seen in Spain's company shuffle

BY ROBERT GRAHAM IN MADRID

THE HEADS of leading Spanish public and private sector companies have been reshuffled and the new appointments reflect a careful mix of political connections and technical ability.

They also show the stamp of the new Prime Minister, Sr. Leopoldo Calvos Sotelo.

The most important change is in the state holding company, INI, where Sr. Jose Miguel de la Rica has been replaced after almost three years in what is regarded as one of the most thankless managerial jobs in the country.

Sr. de la Rica will now head the Bilbao-based refining concern, Petronor. He has been replaced at INI by Sr. Carlos Bustello, a former Industry Minister, and a cousin of the Prime Minister. The change was judged opportune because it coincides with a major reorganisation of INI's structure.

An important slice of INI's energy interests—that part connected with refining, petrochemicals, oil exploration, and gas distribution—has been hived off. This will form the basis of a new energy holding company along with the existing petroleum and petroleum products monopoly, Campsa.

Sr. de la Rica halved the number of board members of INI companies and reorganised its financial structure during his tenure. But it was felt that the concern now needed a person who combined political connections with technical qualifications.

One of Sr. Bustello's first jobs was as assistant financial director at INI. H also has good contacts with the Socialist Party which could prove important in view of the industrial relations problem which INI will face in restructuring many of its ailing companies.

Sr de la Rica, a Basque, is well suited for his new job. Petronor is now one-third owned by the Mexican state oil company, Pemex, and Sr de la Rica spent much time at INI trying to increase trade links with Mexico.

Petronor is the one refinery in Spain with mixed public and private ownership. As a counterpart to the creation of the new national oil holding company, INH, a number of private concerns headed by Cepsa, owned by Banco Central, are pushing for Petronor to be privately controlled.

The head of the INH has yet to be named but it almost certainly will be Sr Claudio Boada, a former president of INI, and of Ford Espana. He is at present head of Banco de Madrid.

Another important change has come at Spain's biggest private electricity utility, Iberduero. The company is currently facing serious problems in the Basque country, its principal base, due to opposition to its two-thirds complete nuclear plant at Lemoniz, near Bilbao. This has led to a violent anti-Iberduero campaign, by the militant Basque separatist organisation, ETA.

Iberduero's current managing director, Sr Manuel Gomez de Pablos has been promoted to the company presidency. He now faces the difficult task of persuading some 100 engineers to resume work at Lemoniz following threats by ETA three months ago when they assassinated the nuclear engineer, Sr Jose Maria Ryan.

The presidency of the state-run integrated steel company, Ensidesa, vacant for nearly six months, has been filled by a former Industry Minister, Sr Carlos Perez de Bricio.

Polish farmers march through Warsaw streets

BY CHRISTOPHER BOBINSKI IN WARSAW

THOUSANDS of Polish farmers yesterday celebrated the official registration of their union, Rural Solidarity, with a march through the streets of Warsaw and speeches, singing and dancing in the centre of the city.

The authorities, as so often since last summer, maintained a low profile and the police held up traffic as the procession went from the courts to the monument of the Unknown Soldier.

Mr. Jan Kulaj, the 23-year-old head of the union, told the crowd, many of them in traditional peasant dress: "The registration of the union has been the will of the farmers and of the whole nation." Mr. Kulaj, who farms land in south-east Poland, did not fail to remind the authorities of the farmers' power. "Five-year plans are no good if there isn't any food," he said.

Mr. Edward Gierek, leader of Poland's Communist Party from 1970 until last September, is being investigated on charges of underpaying for a house built for him in his home town, Katowice, in the mid-1970s, our Warsaw Correspondent reports.

The strong influence of the clergy over the union's grass-roots was evident in some of the banners carried in the procession and the farmers broke easily into hymns. The day marked the end of an eight-month struggle during which not only the Polish authorities but the Soviet leadership had to be convinced that a private farmers' trade union was in line with Socialist dogma.

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Thatcher, Schmidt in tune on EEC

By Richard Evans and David Tonge

BRITAIN and West Germany have agreed on a common approach to push through reform of the European Community's budget and common agricultural policy.

"We now have a solid phalanx," Mr. Margaret Thatcher, the British Prime Minister, *said yesterday* at the end of 24 hours of talks with Herr Helmut Schmidt, the West German Chancellor. The meeting has helped to confirm British hopes that, after the departure of the French President, M. Valéry Giscard d'Estaing, Britain may be able to play a more effective role within the EEC.

At a joint Press conference of the British and West German Heads of—Government. Herr Schmidt said that it was "indispenable" that Community expenditure be restricted. He continued: "I will not have any solution by which some States get unlimited net transfers and others pay unlimited net transfers. There ought to be a ceiling to net contributions."

He insisted that he would not allow the EEC to raise funds in other ways, such as through co-responsibility levies, the EEC's levies on milk producers who exceed agreed production levels.

A good-tempered Press conference confirmed that "the two paymasters of Europe"—as Sir Geoffrey Howe, the Chancellor of the Exchequer, has described them—were united in their aims.

Mrs. Thatcher insisted that the "scratchy relations" evident between her and the West German leader in their recent arguments over fishery policy were a matter of the past. The two leaders stressed the urgent need to settle this policy but for once expressed optimism.

The two leaders intend to raise the problem of Japanese exports at the next meeting of Heads of Government and insisted on the need for Japan to open up its own markets.

Roger Taylor

Mrs. Thatcher and Herr Schmidt enjoy a Press conference joke.

AFTER THE KOSOVO RIOTS

Ethnic Albanians send tremors across Balkans

BY PAUL LENDVAI IN PRISTINA

THE CONTINUED ferment among the 1.2m people of Albanian origin in Yugoslavia's autonomous province of Kosovo has produced the most serious political crisis in the country since the break with Stalin in 1948. The riots, which started in March as a student protest but soon became tinged with Albanian nationalism, have shattered the fragile progress towards normal relations between Yugoslavia and Albania and sent shock waves throughout the Balkans.

"There is a completely new political game in this sensitive region now with the Soviet Union ideally placed to stir up more trouble," a senior Yugoslav official said last week.

The two countries are involved in a bitter public dispute over the causes of the demonstrations in Kosovo, which is an autonomous part of the Serbian Republic and the poorest of Yugoslavia's regions. The Yugoslav Party leadership and its propaganda apparatus have launched a frontal attack against Albania for meddling in Yugoslavia's internal affairs and seeking to dismember its neighbour through clandestine and open agitation in favour of a "Greater Albania."

The Albanians disclaim responsibility for the eruption of national and anti-Belgrade feelings among Kosovo's ethnic Albanians. However, the hard-line regime of Mr. Enver Hoxha in Tirana supports the demands of the Kosovo Albanians for the region to be a republic.

The new friction between the two countries comes after years of increasingly close economic and cultural relations. Immediately after World War II, Albania was a client of Tito's Yugoslavia, but with the Tito-Stalin break in 1948 it became the fiercest enemy of what Tirana Radio called "Yugoslav revisionism." The Yugoslav-Soviet reconciliation of the early 1960s precipitated a break between Tirana and Moscow.

Mr. Hoha sent the thousands of Soviet advisers home from Albania and denied Moscow the use of naval bases on Albania's Adriatic coast—to the advantage of both the West and Yugoslavia. The flamboyantly independent "Sons of the Eagle," as the Albanians called themselves, turned to the Chinese for help but broke with them too in the late 1970s when Peking too fell prey to "rotten revisionism."

The stage had already been set for a steady improvement of Albania's relations with its neighbours, both Yugoslavia and Greece. The turning point came with the Soviet invasion of Czechoslovakia in August, 1968. Albania left the Warsaw Pact a month later and has indignantly rejected feelers put out by the Soviet Union and other Pact members.

Yugoslav - Albanian trade jumped from $30m in 1978 to $125 in 1980, well above the target of $80m. Trade during the first quarter of this year has already reached $85m against a target for the whole year of only $135m.

More important still personal contacts between the Albanians and their cousins in Yugoslavia have become much closer. Between 300-400 Albanian citizens, mainly academics, teachers and artists, travelled to Yugoslavia last year, primarily *to Kosovo province*. In turn, over 3,000 Yugoslav citizens of Albanian origin visited Albania. Against the expectations of most Yugoslav and Western observers, the contacts did not produce a mellowing of the Hoxha regime but gave a powerful fillip to Albanian nationalism in Yugoslavia itself.

A glance at the maps, population figures and history helps explain Yugoslav concern. Yugoslavia has a 465-kilometer border with Albania. The ethnic Albanians have a three times higher birth rate than the rest of the Yugoslav population and account for 80 per cent of Kosovo's population. There is also a small number of ethnic Albanians in Macedonia, estimated to be approaching 400,000. Even if the Albanian claims that there is a 2m-strong Albanian minority in Yugoslavia is exaggerated, at least one-third of the entire Albanian nation lives outside the motherland. The best estimate is that there are 2.7m Albanians living in Albania proper and about 1.8m in Yugoslavia.

The Albanians say they have no territorial claims against Yugoslavia, but still complain about "Serbian suppression of the Albanian's constitutional rights" in Yugoslavia. They also quote Marshal Tito who told Mr. Hoxha in 1946: "Kosovo and other areas inhabited by Albanians belong to Albania and we will give them back, but not now because Serbian opinion would not accept such a thing."

Mr. Hoxha is as anti-Soviet as ever in public and has promised to fight "shoulder to shoulder" with Yugoslavia in case of a Soviet attack. But what if the Soviet Union plays a more subtle game and stirs up the smouldering fires of Albanian irredentism in Yugoslavia? Who knows what will happen in Albania once Mr. Hoxha, who is 73, and the second man in the hiararchy, the Prime Minister, Mr. Mehmet Shehu, 68 leave the scene? The Kosovo issue could well become an important factor in the Albanion succession.

There is no real evidence of Soviet involvement in the Kosovo troubles, but Yugoslavia also has 536km borders with Bulgaria, a staunch Soviet ally, which the Yugoslavs accuse of staking out historical and territorial claims to Macedonia. Nor can Yugoslavia overlook Hungary and the half-million strong ethnic Hungarian minority in the Serbian Republic.

It is no longer the causes but the consequences of the Kosovo events which command attention. The new tensions may affect the balance of forces in the Balkans, with repercussions on East-West relations in the Mediterranean and central European.

Swedish strike averted by arbitration

By William Dullforce, in Stockholm

NEGOTIATORS for 400,000 white-collar employees in Sweden have accepted a pay offer from official arbitrators, *thereby avoiding an industrial* dispute, which would have paralysed a large part of the country's industry and merchant marine from today.

Swedish doctors, however, stepped up action against new work schedules which would deprive them of overtime pay. Their association gave notice of a three-day strike by 350 doctors at 10 hospitals and some clinics next week.

About 160 anaesthetists and X-ray doctors stopped work at five hospitals yesterday.

AP reports from Oslo: Norway has reported a foreign trade surplus of NKr 1.8bn (£153m) in April, up 135.1 per cent from NKr 757m of a year ago.

Leopard tanks for Saudis a medium-term possibility

BY JONATHAN CARR IN BONN

DELIVERY of West German weapons, including Leopard-2 tanks, to Saudi Arabia remains a medium-term possibility, despite strong domestic opposition here to such a deal.

It is understood that the Saudis have made no direct link in the short-term between supply of German weapons and Bonn-Riyadh economic co-operation, for example the assignment of major orders to German industry.

However, Germans recently in Riyadh with Chancellor Helmut Schmidt have the strong impression that the Saudis see a connection between these two elements in the longer-term.

The Saudis are said to feel that fulfilment of their security needs should eventually be one part of that broadly-based co-operation with West Germany which Herr Schmidt advocates. A failure by Bonn to supply weapons for whatever reason, would be hard for the Saudis to accept and could, it is felt, bring repercussions in other fields of West German-Saudi relations.

Much is at stake, since Saudi Arabia is West Germany's biggest crude oil supplier, its third biggest trading partner outside Europe and a major source of credit.

Accordingly, Government strategy is aimed at gaining an option on eventual weapons deliveries, even though it is clear that such an option could no longer be taken up this year.

Herr Schmidt has already publicly ruled out weapons supplies to the Saudis for the present, noting that the whole of Bonn's restrictive arms export policy is under review —a process likely to be completed by the autumn.

4.3% for German public sector

BY STEWART FLEMING IN FRANKFURT

PUBLIC SECTOR and local authority workers in West Germany have won a 4.3 per cent wage rise from May which could add as much as DM8bn (£1.7bn) to public expenditure if a similar settlement is awarded to civil servants.

Barely two weeks after the pace-setting 4.9 per cent wage settlement in the metal industry involving some 2.7m workers, representatives of the federal and local governments in Germany reached agreement on a new wage structure during the weekend.

About 2.6m employees are covered by the settlement. It remains to be seen whether the civil servants who are members of a separate trade union will settle for a similar increase. This is widely expected, although union leaders have demanded an increase of 5.5 per cent.

The leader of the employers' side, Herr Gerhart Baum, the Interior Minister, said that in view of the difficult budget situation the settlement was not an easy one, while the head of the public service and transport union, Herr Heinz Kluckner, remarked that the settlement might not match this year's anticipated increase in the cost of living.

The wage agreement struck two weeks ago in the metal industry seems to be setting the upper limit for wage awards in the current round, a fact which is evidently sparking recriminations within the metal industry employers' association.

The head of the North Rhine Westphalia employers' association, Herr Paul Pleiger, has resigned from Gesamtmetall, the employers' umbrella organisation and has called for a strenthenging of the wage negotiating power of the organisation at the centre.

The settlement of the metal industry contract came atfer four months of increasingly bitter negotiation and was reached at a regional level.

Berlin formula may ease threat to Bonn coalition

BY LESLIE COLITT IN BERLIN

A FORMULA has been put forward to break the political deadlock resulting from Sunday's West Berlin election which has threatened to undermine the Social Democrat-Free Democrat coalition in Bonn.

The Christian Democrats received 48 per cent of the votes but, lacking an absolute majority, were unable to form a Government for the city. The right-wing of the tiny Free Democrat Party, which had been in coalition with the Social Democrats in Berlin, was ready *to push the party into an* alliance with the CDU. Refusal to join with the Christian Democrats would have meant new elections and the strong possibility that the FDP would fall below the 5 per cent minimum vote hurdle.

The chairman of the Free Democrats in Berlin, Herr Jürgen Kunze, has now said his party is ready to "tolerate" a minority CDU Government in Berlin headed by Herr Richard von Weizsäcker as governing mayor. For him to be elected, however, several FDP deputies would have to abstain to allow the CDU to obtain an absolute majority of the votes

Herr Kunze represents the left-wing of the FDP which wants to preserve the existing coalition in Bonn.

OVERSEAS NEWS

Kuwait cuts oil production

By Patrick Cockburn

KUWAIT cut its oil production from 1.5m barrels a day (b/d) to 1.25m b/d from April 1, Sheikh Ali Khalifa al-Sabah, the Kuwaiti Oil Minister, said yesterday.

An official reduction in Kuwaiti production has been expected ever since it became clear that BP, Shell and Gulf would reduce their purchases of Kuwaiti crude.

With reserves totalling $67bn at the end of last year Kuwait has no need for extra oil revenue. Half the $18bn oil revenue expected in the next financial year will go into the reserves.

The high price charged by Kuwait for its crude has come under pressure this year because of reduced demand in the West and the high level of Saudi Arabia's oil production.

Saudi Arabia will maintain its production level at 10.3m b/d with the aim of forcing other producers to cut their prices, according to the Middle East Economic Survey. The Saudis currently charge $32 a barrel while marker crude for other members of the Organisation of Petroleum Exporting Countries (OPEC) costs $36.

Saudi Arabia, while not expecting an agreement on price reunification at the OPEC conference in Geneva on May 25, would like to see prices eventually realigned at $34 a barrel.

Reuter adds from Seoul: Kuwait has offered to lower the premium on its oil supplies to South Korea to $2.75 a barrel from the present $4, officials said.

Our New Delhi correspondent adds: Kuwait has agreed to advance India a $62.25m loan for development of the Ampara project for rural electrification in Uttar Pradesh.

Australia's Premier is walking through a minefield, **Patricia Newby** writes

A master politician loses his sureness of touch

MALCOLM FRASER'S worst enemies admit that Australia's Prime Minister is a first-class politician. His harshest critics grudgingly agree that the man whose tactics were largely responsible for the ousting of the Whitlam Labour Government in 1975 will be hard to unseat either by the Labour Party or by a leadership challenge from within his own Liberal Party.

But over the past few turbulent weeks in Australian politics, Mr. Fraser's grip on the leadership of the Liberal Party, which rules in coalition with the National Country Party, has appeared less firm. He has made uncharacteristic political blunders, regained the initiative, but then blundered again.

Commentators, and some sections of the Liberal Party itself, are now questioning the style of government of the aloof, millionaire grazier who has led the Liberals to three electoral victories since 1975 with the highest and second-highest majorities on record.

Mr. Fraser is being accused of arrogance and bullying. Mr. Andrew Peacock, the former Industrial Relations Minister who resigned recently because of what he described as the Prime Minister's "gross disloyalty," described his leader's style as "a manic determination to get his own way."

Mr. Fraser's troubles started some weeks ago when he threatened to reduce tariff protection for the chemical industry if the ICI conglomerate granted workers a 35-hour week. ICI retaliated by saying it would build no new plants in Australia and the Government was more or less forced to back down.

The incident made Mr. Fraser unpopular with business and aggravated tension with the unions which are campaigning for the shorter working week.

Then Mr. Barry Simon, a former Liberal backbencher and private secretary to Mr. Peacock, publicly criticised the Government's handling of the ICI case. Mr. Fraser demanded that Mr. Peacock sack Mr. Simon, which he did.

Not content with humiliating a political rival, the Prime Minister refused to deny a damaging newspaper article about Mr. Peacock which appeared in Mr. Rupert Murdoch's national daily newspaper, "The Australian." Mr. Peacock resigned, citing the Prime Minister's disloyalty.

In the past few weeks, Mr. Fraser has made uncharacteristic blunders, regained the initiative, then blundered again

Yet even if the popular Mr. Peacock never challenges for the leadership, his resignation has weakened the Liberal Party by publicly showing the split between the big "L" Liberals who back Mr. Fraser and who are closely identified with the coalition partner, the National Country Party, and the small "l" liberals behind Mr. Peacock on the parliamentary backbenches and in the city branches of the Liberal Party.

Mr. Peacock, free of the restraints of Cabinet solidarity is likely openly to criticise the Prime Minister.

Yet within a mere 24 hours of Mr. Peacock's statement to Parliament on his reasons for resignation, Mr. Fraser had regained the initiative.

He announced Government spending cuts and a change in the relationship between the federal Government and the six Australian states. The timing was perfect.

The expenditure cuts amount to about 1.5 per cent of annual budget outlays. They are popular in themselves but Mr. Fraser also seized the opportunity to define a new philosophy of smaller Government and larger reward for individual initiative.

Mr. Fraser believes that Australians are no longer interested in Government initiatives in health, welfare, education, defence or protection of the environment. The electorate appears to be interested only in "hip pocket nerve" issues such as tax cuts and inflation.

At the conference of State Premiers in Canberra early last week, Mr. Fraser managed to hold the increase in tax revenue going to the states to the inflation rate of about 9.6 per cent.

This was a great victory for Mr. Fraser who appeared as a strong leader capable of tough decisions and of holding his own against the six State Premiers. Mr. Peacock was eclipsed and it looked as if Mr. Fraser had regained control of the dissident Liberal backbenchers.

Then at the height of his success, Mr. Fraser made what Mr. John Howard, the Treasurer, called an error of judgement but which most commentators described as a major political blunder. He let it be known that the State Premiers could have had another 1 per cent increase in funds or another A$70m (£37m) had they fought hard enough.

Mr. Fraser . . . accused of arrogance and bullying.

The Premiers were stunned at what they saw as gloating. All federal leaders are aware of the dangers of getting the wrong side of the States because the State branches of political parties control the destinies of individual federal MPs.

Late last week, Liberal Senators crossed the floor to vote with the opposition for changes to the Government's Freedom of Information bill.

Mr. Fraser is now walking through a minefield. He has alienated the states and the small "L" liberals of his own party. In July, he loses control of the Senate, Australia's upper house, which unlike the House of Lords, has equal power with the lower house. A number of very sensitive issues such as the right to free hospital treatment and the unions' 35-hour week campaign have to be faced.

Meanwhile, the economic outlook is brighter. Unemployment, at 5.5 per cent of the workforce is lower than it has been for some time, inflation is still under 10 per cent and in the year to December non-farm product grew by 4.3 per cent. The March quarter figures issued last Monday showed the biggest capital inflow ever, giving the country a balance of payments surplus of A$289m.

If he continues to hold down Government expenditure, Mr. Fraser should be in a position by the 1983 election to offer the electorate tax cuts as the sweeter side of the smaller Government philosophy.

If he stumbles, Andrew Peacock is waiting in the wings and Labour needs less than a 2 per cent swing to take Government from either.

Begin remarks shock Israeli military

BY DAVID LENNON IN TEL AVIV

THE ARE growing doubts in Israel about the way Mr. Menahem Begin, the Prime Minister, is handling the Syrian missile crisis and the true severity of the threat the missiles pose to Israel's security.

The Prime Minister's revelation in the Knesset on Monday of Israel's operational plans for attacking the missile batteries has drawn widespread criticism. The Israeli military has expressed shock and anger over Mr. Begin's remarks.

By stating publicly that Israel had three times planned to hit the missile batteries on April 30 but had to postpone the strikes because of bad weather, Mr. Begin had revealed the limitations of the Israeli Air Force, according to military personnel here.

They explained that by stating the exact time of the planned strikes and the reason for their postponement, the Premier had given away data which, when analysed with reports of the weather conditions, would allow an enemy to know under what conditions the Air Force can and cannot operate.

The Labour Party's shadow Defence Minister, Gen. Haim Barlev, a former Chief of Staff, said that he considered Mr. Begin's statement to the Knesset to be a breach of national security.

Gen. Mordechai Gur, another former Chief of Staff, told a Tel Avivi University seminar yesterday that Syria had had missiles stationed along its border with Lebanon for a number of years. He said that these missiles effectively controlled the skies above Lebanon but that they were never fired.

The general, who commanded the army during the March, 1978, invasion of southern Lebanon, said the Syrians had not used the missiles against Israeli aircraft because of an understanding between the two countries. Today, he said, there was a danger of escalating rhetoric on both sides.

Another person to challenge Mr. Begin's policy is Mr. Ezer Weizman, his former Defence Minister, who told reporters in New York that Israel should ignore the missiles and continue to fly over Lebanon. "If we lose an airplane to these missiles, then we can knock them out," he said.

Mr. Weizman also cautioned against being dragged into a war with Syria, which would bring the super powers into the picture, which he said would not be to Israel's benefit.

Mr. Shimon Peres, the Labour Party leader, questioned Mr. Begin's stated concern that, if Syria controls the Sanine mountain it will be able to shell the Christian port of Jounieh with long range artillery.

Mr. Peres challenged the Premier in the Knesset on Monday evening to explain in what way artillery on the Sanine mountain constituted more of a threat to Jounieh than the Syrian artillery stationed only a few kilometres east of the port.

AP adds from Jerusalem: The Dutch Foreign Minister, Mr. Chris van der Klaauw, had an angry meeting with Mr. Begin yesterday, according to Israel Radio. Mr. Begin said later he had rejected the peace initiatives which Mr. van der Klaauw had raised in his role as Chairman of the EEC Foreign Ministers.

Warning from Damascus

SYRIA warned Israel yesterday that if it attacked Syria, it would face not only the Arab countries but also the Soviet Union, Reuter reports from Damascus. Al-Baath, the newspaper of the ruling Syrian Baath socialist party, said: "Begin must think twice before he goes too far in his foolishness and threats to strike against Syria." If Israel attacked Syria, it would face not just the Arab countries, but also "the strategic wall of Syrian-Soviet friendship and co-operation," the newspaper added.

U.S. visit for Pik Botha

By Quentin Peel in Johannesburg

MR. PIK BOTHA, the South African Foreign Minister, arrives in the U.S. today for talks with Mr. Alexander *Haig, the Secretary of State,* aimed at cementing closer relations between the two countries and breaking the international deadlock over Namibia (South West Africa).

The South African Government is hoping for better relations in the military sphere—with a possible increase in military attachés in Pretoria and Washington—as well as more sympathy for its position in Namibia, where it is fighting guerrillas belonging to the South West Africa People's Organisation (SWAPO).

Another important U.S. gesture would be to discuss the future of enriched uranium supplies to the South African nuclear power station at Koeberg, currently under construction.

Mugabe visits China

Prime Minister Robert Mugabe of Zimbabwe arrived yesterday in China for an official visit and talks about Sino-African relations and Soviet influence in Africa, AP reports from Peking.

President dies

Singapore President Benjamin Sheares died yesterday from a cerebral haemorrhage, at the age of 73, Reuter reports from Singapore. Mr. Sheares was the island's ceremonial Head of State for 10 years.

Nigerian strike call gets a patchy union response

BY MARK WEBSTER

NIGERIA'S National Labour Congress, the country's chief union federation, is staking its future on a nation-wide strike which enters its third day today. But so far, the strike call appears to have met only a patchy response.

Mr. Alex Ekwueme, the Nigerian Vice-President, met Mr. Hassan Sunmonu, President of the Labour Congress, yesterday and there were hopes that a compromise might be found to end the strike, observers in Lagos said.

The capital of Lagos was disrupted yesterday when the civil service, the railways, the retail trade and some of the banks, went on strike. Action by air traffic controllers threatened domestic and international air services.

But the strike did not have full support because of bad timing and a lack of co-ordination by the Labour Congress.

The principal demand is for a trebling of the minimum wage to Naira 300 (£250) a month. The Congress has also repeated other demands for additional housing and travel *allowances, improved pensions* and the abrogation of some restrictive legislation limiting the rights of certain workers to go on strike.

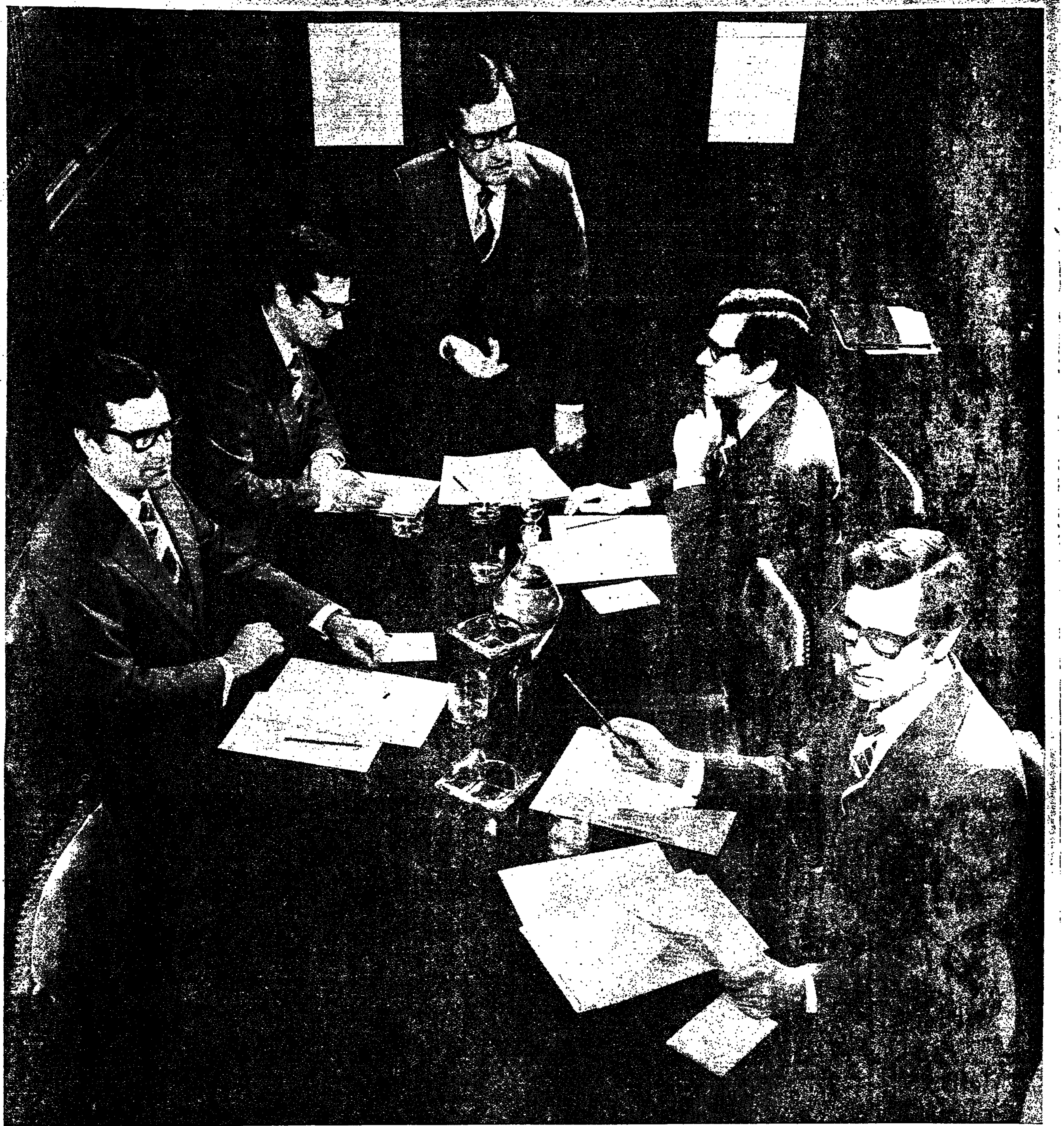
President Shehu Shagari had asked the Congress to reconsider its strike threat. He claims the minimum wage demand is unrealistic and would have serious consequences for the public and private sectors.

The President said Nigeria had lost 2.5m working days because of industrial disputes last year—the highest total in years.

But the Labour Congress, which has been pressing for a N300 minimum wage for more than a year, has a serious credibility problem with its membership who have seen little benefit from trade union bargaining.

The Labour Congress was created by the previous military administration in 1978 out of the existing four central labour organisations and the 1,000-odd unions were slimmed down to around 70.

The Congress has been strongly identified with the Government until now and obviously felt it would lose face *if it did* not press ahead with the general strike.



Blackjack player's court ace

By Paul Betts in New York

THE TIME-HONOURED principle in U.S. casino gambling that consumers must be guaranteed to lose is being challenged successfully in the courts by one of America's most notorious blackjack players and a former senior vice-president of the Pacific Stock Exchange, Mr. Kenneth Uston.

Mr. Uston, who left the exchange to devote himself to play, teach and write about blackjack, is perhaps the most unpopular gambler in America—at least in the eyes of the casino operators of Atlantic City and Las Vegas.

He has been evicted from a number of casinos because his remarkable memory enables him to keep track of cards dealt and tilts the odds in his favour.

Mr. Uston's complaint is directed at Resorts International, the first casino to open in the dingy East Coast resort of Atlantic City in 1978.

Mr. Uston on Monday won an important ruling from a New Jersey state court. This said Atlantic City casinos could not bar so-called card counters from blackjack tables. The three judges said Resorts International had discriminated against Mr. Uston by throwing him out of the casino.

According to the New Jersey Casino Control Commission and Resorts International, a casino has a common law right to evict anyone it choses from its property as a trespasser. The judges claimed a casino could bar "undesirable people" from its public spaces. In their opinion Mr. Uston was not an "undesirable."

Resorts and the New Jersey Casino Control Commission are appealing against the ruling in the Supreme Court.

Social security reforms unveiled

BY DAVID BUCHAN IN WASHINGTON

THE REAGAN Administration yesterday tackled one of the touchiest issues in U.S. politics—the failing finances of the social security system that pays pensions to 31m Americans—by formally proposing to penalise those who retire before 65 and reward those who work longer.

The plan, unveiled by Mr. Richard Schweiker, the Health and Human Services Secretary, would, from 1985, cut from social security payments levied on workers in the form of a payroll tax.

Introducing the controversial proposals, Mr. Schweiker said that, if they were enacted by Congress, "we would not only put the social security system back on sound financial grounds indefinitely, but also we'll be able to lessen the taxes significantly of those currently supporting the system."

The Administration maintains the reforms uphold Mr. Reagan's campaign promise last year not to reduce benefits going to the 31m pensioners now getting their monthly cheques from the Government.

The plan includes, however, a delay from July 1 to October 1 next year in the cost-of-living increase for pensions. This one-time adjustment would save \$4.5bn (£2.14bn), the Administration believes.

The impending bankruptcy of the Federal Security System has been a matter of political discusion for years. Pensions have outstripped payments into the first because of more people living longer or retiring earlier, and statistical quirks.

In the early 1970s, pension benefits were tied to the consumer price index which has tended to rise faster than wages to which the payroll tax is linked.

Mr. Schweiker said: "If we do nothing, the system could go broke as early as autumn 1982."

President Reagan did not want a controversy over social security to become intertwined in the separate battle over public spending cuts in the 1981-82 budget, where he won a major victory in the House of Representatives last week.

He was spurred to action by the Senate which voted last week to revise the indexation formula for pensions and reduce automatic cost-of-living increases \$8bn in the coming fiscal year. The President opposes this way of reforming the pension system as going against his 1980 election pledges to pensioners, so was forced to quickly introduce his alternative.

The plan would:

- Reduce benefits to workers retiring before 65 from the 80 per cent of a full pension to which a 62-year-old is entitled, for example, to 55 per cent. The Administration believes this will save \$17bn over the next five years.
- Prevent federal employees drawing social security as well as their special federal pensions.
- Reduce disability benefits.

Mr. Reagan proposed reductions in the payroll tax on workers and easing the penalty on pensioners who continue to work while receiving a pension. At the moment social security benefits of those under 72 are reduced by \$1 for every \$2 by which earnings exceed \$5,500.

IMF approves $4m credit for Grenada

BY JUREK MARTIN, U.S. EDITOR IN WASHINGTON

THE INTERNATIONAL Monetary Fund board has given approval, with only the U.S. director abstaining, to a one-year standby credit of about \$4m (£1.9m) to Grenada.

The IMF's bare announcement conceals what had become a passionate debate inside the ostensibly non-political institution strongly reminiscent of the exchanges between the U.S. and the European Community over Grenada's political leanings and the use which might be made of its new airport, being built by Cubans.

At one stage the Grenadian Government threatened to withdraw from the IMF and, as a result, the World Bank. However the Canadian staff at the IMF which represents Grenada finally forged a compromise.

Two separate but, at least in Grenadian eyes, intertwined loan negotiations with the IMF were involved.

Grenada applied for, and seemed certain to receive, a 2.1m Special Drawing Rights credit under the IMF's compensatory financing facility designed principally to repair damage caused by Hurricane David in late 1979.

On March 27, the Grenadian Government received a cable from the IMF saying the credit had been authorised and money was being deposited in Barclays Bank in St. Georges. Four days later another cable was received. It said the first had "inadvertently advised" Grenada about approval of the loan.

It appears this was a genuine bureacratic error inside the IMF, which had assumed its board's approval before the executive board said yes. Indeed, early in April the credit went through.

Grenada was already in the thick of a battle between itself, the U.S. and the EEC over a European credit for its airport. The U.S. had made it clear it viewed Grenada's ties to Cuba with concern. It did not think its European allies should do anything that might, albeit indirectly, further the connection.

When the U.S. baulked at a second Grenadian request of the IMF — for a three-year extended fund facility worth SDR 6.3m — the battle was joined in earnest.

The U.S. argument was that Grenada was not in balance of payments difficulty and IMF credits would be put mainly to the airport development.

The U.S. had potent legal arguments up its sleeve. It claimed, quite properly under IMF bylaws, that the World Bank needed to approve Grenada's investment programme. After intensive discussions between the IMF and the World Bank, the latter gave its considered opinion that it could not give the necessary endorsement.

The whole debate smacked of previous instances in which IMF staff complained of being used as a political football by major countries — as, for example, in the question of the status of the Palestine Liberation Organisation or loans to Nicaragua in the Somoza regime.

The compromise in effect defers a resolution while giving Grenada about the same amount —Sdr 3.425m (about \$4m)—in the first year of any three-year agreement.

It appears to prevent Grenada from diverting IMF credits to help the airport development.

In practical terms, as the credit goes in stages into Grenada's general revenues, there may be little to prevent diversion.

Costa Rica severs relations with Cuba

COSTA RICA has broken off diplomatic relations with Cuba. The official reason was the "offensive tone" of a Cuban reply at the United Nations to a query on political prisoners on the island.

The note accused Costa Rica of "quite brazenly backing" a U.S.-orchestrated campaign against Cuba.

Behind the decision lies internal pressure on Mr. Rodrigo Carazo's Government from Right-wing circles angered by what they claim is Cuban intervention in the troubles facing Central America.

Costa Rica re-established relations with Cuba in 1977, under Mr. Daniel Oduber, Social Democratic Government. In recent months, several Latin American and Caribbean countries have broken or reduced their relations with Cuba when guerrilla movements, allegedly supported by Havana, have been increasingly active.

Strict restrictions on Salvador aid

THE SENATE Foreign Relations Committee has voted to impose strict restrictions on continuing U.S. military aid to El Salvador, despite objections by Mr. Alexander Haig, Secretary of State.

The Committee, drafting a Foreign Aid Bill for 1982 late on Monday night voted 11—1 for an amendment which would require an aid cut-off and withdrawal of military advisers from El Salvador unless the President certifies at six-month intervals that:

- The Salvador Government is making substantial progress controlling violations of human rights and has achieved substantial control over elements of its security forces.
- The Salvador Government is acting on political reforms, committed to holding early free elections and has shown willingness to negotiate with opposition groups which have renounced military or paramilitary activity.

Bermuda's hotels reopen today

BERMUDA'S resort hotels reopen today after an 11-day shutdown when about 2,000 hotel workers were dismissed for walking out in sympathy with 1,150 other workers on strike over a pay dispute. Thousands of tourists left the island.

Regan to visit Mideast countries

MR. DONALD REGAN, U.S. Treasury Secretary, will visit three Mideast countries—Saudi Arabia, Kuwait and UAE—after his meeting with Herr Hans Matthofer, West Germany's Finance Minister, in Kronberg, near Frankfurt.

He will discuss energy and other economic issues during a trip starting on Friday, the Department said.

Group of 77 meets

THE GROUP of 77 began a seven-day, closed-door meeting today to seek new means for economic co-operation among the 122 developing countries comprising the group.

Mexico inflation

MEXICO'S consumer price index rose by 2.3 per cent in April, according to the central bank. This brings the inflation rate for the first four months to 10.5 per cent, compared with 11.4 per cent in the corresponding period last year. Inflation was 30 per cent in 1980.

GM challenges Japanese with its new J-car

BY IAN HARGREAVES IN NEW YORK

GENERAL MOTORS yesterday unveiled its most important new car range and a model designed to challenge Japanese competition.

With the launch of the sub-compact J-car, which will go on sale next week, the largest U.S. motor company has been pursuing new standards in quality control.

In order to outsell the Japanese, whose success has been built on small cars, GM has also adopted an unaccustomed strategy of building in many extras to the car, which will then sell for a basic price.

The company believes that one of the marketing points on which the domestic manufacturers have lost out occurs when a buyer ses a posted retail price for an American car, but then discovers he can pay a further \$1,000 for accessories such as radios, cloth seats or heated rear screens.

Prices for the J-car were due to be announced at the formal launch yesterday, as were production schedules. The J-car is an important element in Detroit's plans for a sharp increase in car production in the current quarter.

According to industry estimates, the five U.S. manufacturers will produce just over 2m cars in the second quarter compared to only 1.63m in the same period last year.

This is despite fears that rising interest rates are again threatening the industry's long-postponed recovery.

For GM, the J-car is also expected quickly to reverse a slide in market share which began in January. Since then, GM's share of the domestically manufactured car market has slipped from 62.4 per cent to 58 per cent.

The J-car will be sold in a range of models under the traditional GM marques of Pontiac, Chevrolet and Cadillac.

There is special interest in the Cadillac version, known as the Cimarron, because it is the first time that a U.S. manufacturer has tried to sell a small luxury car, a strategy which some fear may dent Cadillac's image as a top of the line manufacturer.

GM, however, believes it needs the Cadillac Cimarron to attack the highly successful and expensive top of the line imports by BNW, Audi, Mercedes and Volvo.

Co-op bank in truce

BY OUR WASHINGTON CORRESPONDENT

THE REAGAN Administration and its tiny, unwanted division, the National Consumer Co-operative Bank, have come to a temporary truce permitting the bank to stay in existence for the time being.

The settlement to the dispute, which had pitted the administration's budget-cutters against a determined consumer advocate appointed by President Carter, has two main parts:

- The bank's president, Mrs. Carol Greenwald, has agreed to return to the U.S. Treasury the \$60m in Federal funding that she took and deposited in commercial bank accounts as a pre-emptive strike designed to stop the administration from impounding the bank's allocation.
- The Administration, which wanted to close down the bank, has agreed to release about \$33m to cover the bank's lending in the third (April-June) quarter of the current fiscal year.

In effect, the bank's ultimate fate has been turned over to Congress, though the Administration will continue to press for its dissolution.

But Mrs. Greenwald has impressed Congress with her arguments, and two committees on Capitol Hill have already voted to keep the bank, which makes loans to consumer buying co-operatives, in existence.

The critical day in the confrontation was Monday—the end of the 45-day period in which President Reagan had the legal authority to impound funds. Mrs. Greenwald was armed with the potent legal opinion of the General Accounting Office, the watchdog agency, which questioned the President's right to withhold the bank's funds without Congress agreeing.

However, the bitterness between the Administration, which last week accused Mrs. Greenwald of pulling off "a \$60m heist," and the NCCB president has not dissipated.

Government officials are still talking of bringing legal action against her for improperly removing funds from the Treasury. She has responded by retaining the advice of the law firm headed by one of the most celebrated American lawyers, Mr. Edward Bennett Williams.

Canada Minister under fire

BY VICTOR MACKIE IN OTTAWA

MR. ALLAN MacEACHEN, Canada's Minister of Finance came under strong attack in the House of Commons yesterday from the combined Conservative and New Democratic Party opposition for failing to stem inflationary pressures.

The MPs said the Bank of Canada's reaction in boosting interest rates to keep in line with the rising Prime Rate in the U.S. could only lead to higher taxes and eventually to wage and price controls.

Mr. MacEachen cancelled a planned week-long visit to Saudi Arabia, due to begin yesterday, in order to answer MPs questions.

He said the Liberal Government intends to stick with its policy of "gradualism" in trying to cut its spending to help arrest inflation—compared to the broad-axe budget-slashing in the U.S. and Britain.

Senior economic advisers to the Canadian Government have told the Cabinet it should continue to pursue a "go-slow gradualist" approach to stemming inflation.

However, Mr. Gerald Bouey, Governor of the Bank of Canada, used strong language last week in describing Canada's 12.4 per cent inflation. He said: "The disease that this country has contracted is not just high inflation but escalating inflation."

He vowed that the Central Bank intends to stick with its tight-money policy and urged the Government to check its swollen spending and high deficits. Mr. MacEachen and Mr. Ian Stewart, deputy Minister of Finance, have said that tax increases could not be ruled out.

Europe warns U.S. on steel trigger price

BY JOHN WYLES IN BRUSSELS

MR. MALCOLM BALDRIGE the U.S. Secretary of Commerce, was warned yesterday of the EEC's growing concern about the pаotectionist effects of the so-called trigger price system on European steel exports to the U.S.

The Community is appalled by the difficulties which its greatly troubled steel companies encounter in the American market.

EEC steel exports dropped 47 per cent last year over the year before and although some of the decline is blamed on economic recession in the U.S., the trigger price system and large-scale price discounting by American producers are believed largely responsible.

This message was delivered in talks last night between Mr. Baldrige and European Commission president Gaston Thorn and Viscount Etienne Davignon, the Commissioner responsible for industry.

Trigger prices were designed by the Carter Administration as a response to the U.S. steel industry's allegations of widespread dumping by European companies. They set a minimum price for imports, based on the production costs of the most efficient Japanese companies, and make the assumption that imported steel sold beneath trigger prices may be dumped.

However, there is a suspicion here, strengthened by the Reagan Administration's 4.4 per cent boost to second-quarter trigger prices, that the system is providing too comfortable a cushion for domestic American producers.

Officials allege that U.S. companies are making large discounts to their list prices in the major markets for EEC steel in the Great Lakes region and along the Eastern seaboard. From 7.4m tons (short tons) in 1978, EEC shipments fell to 5.4m tons in 1979 to 3.9m tons in 1980. Last year's 38 per cent drop in exports compared to an overall decline of 11.4 per cent fall in U.S. steel imports.

EEC for talks on Japan car imports

BY TERRY DODSWORTH IN PARIS

EUROPE'S ten leading vehicle manufacturers are to meet representatives of the Japanese motor industry in Paris this week in a new attempt to reach a voluntary agreement on car imports from Japan.

The meeting comes amidst growing indications that the Europeans are preparing to step up the pressure on their respective Governments to develop a co-ordinated EEC policy if a voluntary approach fails. They are particularly concerned by the rapid growth of Japanese registrations in non-producer countries such as Belgium and Holland, where the Japanese market share has reached 30 per cent or more.

This problem has taken on a new urgency following the Japanese Government's decision to restrain car exports to the U.S. during the next three years. Because of the continuing increase in Japanese production capacity, European producers fear that vehicles originally destined for the U.S. will be diverted to the EEC.

A first attempt to adopt a common European line was made by the Comite des Constructeurs du Marche Commun (CCMC) last November, when the chairmen of virtually all the big EEC car companies met the Japanese in Tokyo.

These talks, designed to persuade the Japanese to halt their push in Europe, have had no impact. In the first three months of this year, imports from Japan have continued to rise steadily, despite a decline of almost 10 per cent in the overall market.

The weakness of the European manufacturers is that they cannot count on co-ordinated Government support, unlike the U.S. industry.

While the EEC would like to take up the issue and negotiate an across-the-board agreement with the Japanese, several national Governments are unwilling to surrender their sovereignty in this area.

Montedison in E. German agreement

By James Buxton in Rome

MONTEDISON, Italy's leading chemical company, has signed an agreement with AHB Chemie Import Export of East Germany covering the exchange of chemicals over the next five years worth $200m (£95.2m).

The agreement covers the period of the East German 1981-85 five-year plan and provides for the sale by the Milan-based concern of chemical products, plastics, synthetic fibres, dyestuffs and intermediates for dyestuffs.

In return, it will import basic petrochemical products to integrate into its own operations and raw materials for fertiliser manufacturing.

In 1979 Montedison's trade with East Germany totalled L22bn (£9.8m) and rose to L30bn last year.

At the end of last year, Montedison signed similar five-year agreements with Czechoslovakia worth $100m and with Poland worth $245m.

● Reuter reports from Peking: Agusta, the Italian aircraft company, has held talks in Peking aimed at helping China build helicopters, for agricultural use, and providing parts for a small transport aeroplane.

Montedison Plan, Page 36

Counterfeit goods battle goes on

By Paul Cheeseright

MR. CECIL PARKINSON, the Minister for Trade, yesterday met an all-party delegation of MPs, led by Mr. Iain Mills (Conservative, Meriden), and representatives of industry to discuss the next moves in the international struggle against counterfeit goods.

They met in the face of sagging hopes that a new international agreement would soon be signed under the aegis of the General Agreement on Tariffs and Trade (Gatt) to permit the seizure of goods bearing fraudulent trademarks on the borders of importing countries.

Counterfeited goods carrying the trademarks of Western manufacturers from developing countries—Taiwan most notoriously—have been biting into the export markets of British manufacturers of products ranging from motor accessories through locks, nuts and bolts to music cassettes.

The EEC and the U.S. have agreed on the broad lines of a Gatt anti-counterfeiting code but are having difficulty in winning acceptance for them from other industrialised countries.

Canada, at an Ottawa meeting the week before last, raised legal problems with the future code's enforcement

West urged to boost use of coal and nuclear power

BY MARTIN DICKSON, ENERGY CORRESPONDENT

THE "fragile balance" in the international oil market is only a temporary breathing space which the West must use to increase its reliance on coal and nuclear power, Dr. Ulf Lantzke, the director of the International Energy Agency, warned yesterday.

He told a London conference on coal technology, organised by Benn Business Promotions, that "in the best of conditions oil markets could remain relatively stable until 1985, after which economic activity may induce higher oil demand, with resultant pressures on markets and prices."

He said that coal was gathering momentum to provide the "single most important energy contribution to the future of modern society," given uncertainties over the future of nuclear power and the long lead times for new and renewable energy sources.

The IEA estimated that coal use among member countries would have to triple by the year 2000 if oil's percentage of total energy supply was to be cut from 50 per cent to 25-30 per cent.

On the supply side, IEA studies indicated that producing countries could meet the expected growth in demand if they were assured of future markets and the long-term contracts needed to underpin investment.

William Hall adds from Oslo: Australia is planning a major expansion of its ports on the north-east coast to cater for the expected boom in coal exports over the next decade, an Oslo shipping conference was told yesterday.

Australia exported 40m tonnes of coal last year—mostly to Japan—and this is expected to rise to between 115m and 180m tonnes by 1990, and to between 180m and 290m tonnes by the year 2000.

British Shipbuilders in £19m orders

By William Hall, Shipping Correspondent

BRITISH Shipbuilders has won orders for three ships worth over $40m (£19m), and is close to finalising several more from Scandinavian and Far Eastern owners.

For the first time in years, British Shipbuilders has won an order from a Norwegian owner. Thor Dahl of Sandefjord has ordered a sophisticated forest products carrier from Swan Hunter at a cost of $30m. In addition, Seaforth Maritime has ordered two supply boats at a cost of £6m.

The orders were announced by Mr. Robert Atkinson, chairman of BS, at a Norwegian shipping exhibition in Oslo.

Mr. Atkinson said that there were several more orders in the offing, but admitted that BS was not winning enough orders to sustain the company's target output at its current level of just over 400,000 compensated gross registered tonnes a year.

He said that the last 13 ships built by BS had all been delivered ahead of schedule.

David Buchan, in Washington, on why many industrial exporters keep a low profile

U.S. still bears burden of Soviet embargo

"YOU WOULD think there would be more pressure than there is," a Commerce Department official said, almost querulously, about the fact that American industry is not lobbying the Government hard to ease its curbs on industrial exports to the Soviet Union, in the wake of President Reagan's lifting of the grain embargo.

While U.S. industrial exporters to the Soviet Union like to keep a low profile, they may have cause to complain because they are the only sector still bearing the burden of penalising Moscow for its foreign aggression.

Yet, they do not evoke the public sympathy of the individual farmer, and, collectively, do not carry the same political clout as farmers.

Thus, manufacturers who in the present climate call for liberalised East-West trade are regarded as vaguely unpatriotic.

The Reagan Administration is still in the throes of reviewing its policy on high technology and heavy industrial exports to the Soviet Union, but officials caution against any assumption that the grain embargo decision sets a trend for freer trade in other sectors.

The present guessing is that the State and Defence Departments which favour keeping controls will win out against the Commerce Department and its general export promotion bias, and the restrictions will stay.

The one exception is fertiliser exports to the Soviet Union by Occidental Petroleum. President Carter lumped these in with agricultural trade and banned the shipment of phosphates which Occidental, under a 20-year, $20bn deal, had been shipping the Russians in return for ammonia to make chemicals in the U.S. Mr. Reagan has now permitted the phosphates to flow again.

This alone accounts for the increase in non-agricultural exports to the Soviet Union which the Commerce Department is projecting this year to rise to $600m from an estimated $450m last year.

The main purpose of the Administration's export control review is to see if the present ad hoc sets of controls cannot be streamlined and simplified without detracting from national security. American businessmen are less bothered by the absolute level of controls than the delays in getting Government decisions on their applications according to Commerce Department officials who complain there is no "clear direction by government to export controllers."

The U.S., along with NATO countries and Japan, controls the export of some 125 categories of industrial items to the Soviet Union and the Communist Bloc, through the Co-ordinating Committee (COCOM) in Paris. But the U.S. also has three sets of extra restrictions.

● It controls 33 other categories, some of them technological and products unique to the U.S. Before the "detente" decade, the list was longer: 494 categories in 1971 for instance;

● It also has special controls introduced by the Carter Administration on oil and gas drilling equipment to the Soviet Union.

● The Carter Administration last year expanded its post-Afghan invasion restrictions on Soviet-bound exports to include basic industrial technology deemed to help Soviet war potential such as steel mills or processes.

The General Accounting Office, an investigatory arm of the Congress, recently criticised these blunderbuss controls, saying in a report that more narrowly focused controls could better protect national security while lessening the burden on U.S. exporters and, for that matter, on Federal bureaucrats who last year handled 80,000 licensing applications.

The grain ban was lifted because the White House argued it was ineffective as well as unfair to farmers and widely undermined by other countries providing Moscow with alternative supplies.

Some foreign companies and countries have undercut parts of the U.S. industrial controls, though the sums of money involved are much less than in the East-West grain trade.

One estimate is that the U.S. has lost $280m in actual or proposed deals halted by controls imposed on non-agricultural exports by Mr. Carter in January, 1980. These comprise $70m in contracts that could no be completed; $100m in signed contracts which were then blocked, and $110m in contracts which Moscow had first discussed with U.S. companies but then channelled to other countries.

The U.S. has found it difficult to get agreement or support from its allies in controlling basic industrial technology sales to the Soviet Union—the French Creusot-Loire steel plant, the German Kloeckner aluminium plant, for example, and most recently negotiations by a non-U.S. company to supply a new engine assembly line to the Soviet truck plant at Kama River.

Semi-conductor tariff reductions

AMICABLE SETTLEMENT of the U.S.-Japanese car controversy has paved the way for the two to accelerate tariff reductions on each other's semi-conductor products, according to Mr. William Brock, the U.S. Special Trade Representative, our Washington Staff writes.

The Reagan Administration believes that the tariff agreement, reached "in principle" at last week's summit between President Reagan and Prime Minister Zenko Suzuki, is a further proof of the success of its policy of putting the minimum of overt pressure on Japan.

The new agreement, which must be ratified by the Japanese Parliament, would lower both countries' tariffs on semi-conductors, the tiny memory chips that are a staple of modern day electronics, to 4.2 per cent of import value by next April 1.

This is a significant speeding up from the timetable set under the U.S.-Japanese negotiation in Gatt of reducing the barriers by 1987.

County council power now hangs in the balance

BY ROBIN PAULEY

A FEW Liberal and Independent county councillors in England and Wales now hold the key in deciding who will control the powerful Association of County Councils for the next four years.

Following last Thursday's county council election there are 19 Conservative authorities, 14 Labour, one Liberal, four independents and nine "hung" councils with no overall control.

The Conservatives, who previously had a strong grip on the ACC, can now count on only 78 of the 176 seats, compared with 89 needed for overall majority.

Hung councils wield significant control. If Liberal and Labour were able to come to terms, Labour could control the ACC.

The chances of that are remote, especially since the Liberals' affinity to the Social Democratic Party has strained possible ties with Labour, and the Liberals are thought to be more likely to join an alliance with the Tories anyway.

An analysis by Professor John Stewart of Birmingham University's institute of local government studies shows that if the Tories are to retain control the key people will be independents in Cornwall, Dyfed, Powys, Gwynedd or Clywd, or Liberals holding the power balance in Berkshire, Bedfordshire, Leicestershire, Northamptonshire and Cheshire.

But the Tories could still be two votes short of a majority and even if everything goes in their favour are unlikely to have more than a majority of five on the executive council.

This means that full attendance will be vital at virtually every committee meeting if policies are not to be overturned.

The distribution of ACC seats is complicated: counties with a population of 1m or more have five seats, those with 500,000 to 1m four, and those with fewer than 500,000 three.

All parties are apparently working on the basis of "winner takes all seats" at the moment, in frantic wheeling and dealing to try to gain a majority.

But Nottinghamshire, for example, has had a long-standing gentlemen's agreement that the ruling party always gives one seat to the opposition.

Cornish independents have traditionally supported the Tories but were angered during the election campaign by the decision of the Conservatives to field candidates against them.

Northamptonshire adds to the uncertainty because it has always sent a mixed delegation to the ACC and might insist on continuing that tradition.

Whatever happens in the party meetings before the annual meeting next month, there will be a change of leadership. Sir Gervas Walker is out, since his county of Avon has fallen to Labour and there is no chance that the Tories will be offered any Avon seats.

The most likely successor will be Mr. John Horrell, the vice chairman, although Sir John Grugeon, chairman of the policy committee and leader of Kent, is expected to make a strong bid if he feels he can command enough support.

Even if the Tories maintain control there will be no chance of such deals in the future. The election results mean the Government is faced with a much more hostile local government than a year ago; the Association of Metropolitan Authorities has changed to Labour control, the phalanx of Tory support in the ACC has been diluted almost to impotence and the Greater London Council has changed to Labour control.

This leaves the Association of District Councils and the London Boroughs Association in Tory control—until next year's elections when the situation, at least in London, could change again to Labour's advantage.

Tax institute attacks Finance Bill

BY TIM DICKSON

THE GOVERNMENT'S "obsession with tax-avoidance provisions" in the Finance Bill was attacked yesterday by the Institute of Taxation.

In a letter to Sir Geoffrey Howe, Chancellor of the Exchequer, the institute said it was "deeply concerned at the extent to which all other considerations, particulary those of a commercial and practical nature," have been overridden.

In particular the institute is worried, as many accountants are, by the provisions of the new business start-up scheme. The scheme allows investment in new ventures to attract tax relief up to a maximum of £10,000 under certain conditions.

"In our view," said the institute, "there is a very real danger that the extensive conditions for the relief, and potential pitfalls inherent in 17 pages of complex new legislation, may well deter many would-be investors.

"It would be most unfortunate if the scheme were to fail merely because the conditions to be satisfied were perceived as being too onerous."

The institute believes that at the moment the wording of the Bill could be used by the Inland Revenue to deny relief in almost every case.

In lengthy submissions on several aspects of the Bill the institute also questions the Inland Revenue's policy of pushing more of the administrative burden for taxation of benefits in kind on to employers.

● About 300 people who use agencies to contract their services out to industries, including those in the North Sea, met in London yesterday to oppose a 1981 Finance Bill clause which will alter their taxation.

Clause 34 is intended to bring into the PAYE net those agency-workers who set up limited liability companies after the 1975 Finance Act. This Act required agencies to deduct PAYE from payments to individuals but not to companies.

The proposed clause requires a deduction of 30 per cent to be made from payments to companies obtaining work through agenices. Companies will be entitled to set off the deduction against their corporation tax liability.

Mr. Stanley Mendham of the Forum of Private Business, which opposes clause 34, told the meeting: "Your MPs think you are evading tax. If you are going to be effective against the clause you must persuade MPs that you are not tax-evaders."

TV and film companies back British media event

By Arthur Sandles

MOST OF Britain's major film and television production companies have combined to back a London Multi-Media Market—a proposed annual event intended to rival such occasions as the Cannes Film Festival.

Thorn-EMI, Rank, the BBC, Thames Television and Kodak are among the founder sponsors of the event. The first Multi-Media Market will be staged at the Tower Hotel and World Trade Centre, St. Katherine's Dock, London, in September, 1982.

The event is intended to bridge the gap between television and film sales markets.

"This market will be the first one of its kind," said Lord Delfont, chairman of the London Screen Market Association, which will promote the event.

"Not devoted exclusively to film or television, this market will be a multi-media event open to all forms of screen entertainment, whether film, television, cable, satellite or cassette—if the picture moves, we trade in it."

Founder companies are paying as much as £3,000 a year to become members. The organisation already has considerable industrial support and the backing of the main trade unions.

Even with this support, however, the Multi-Media Market faces a tough task in carving a place in the international calender. Mip-TV—the main international TV market—the Cannes Film Festival and the American film and television gatherings—are all held in the spring.

Britain is a major force in international film and television production, particularly in the field of "facilities houses"—small units usually with highly specialised facilities such as those in great demand for science fiction special effects.

"In a time of recession, British talent in the field of screen entertainment has never looked stronger and the leaders of Britain's film, television and video companies are now ready to promote this talent with all the entrepreneurial flair at their disposal," the new association said.

Davy claims process could bring lead free petrol in two years

BY SUE CAMERON, CHEMICALS CORRESPONDENT

THE DAVY design engineering group says it has developed a process which would enable Britain to change over to totally lead free petrol within two years — at a saving of about £700m. But the Department of Energy say there are drawbacks to the process.

The UK-based group has perfected a way of using gas to make a petrol additive called MTBE—methyl tertiary butyl ether. It says MTBE could be used as a complete substitute for the lead antiknock compounds which are put into petrol to boost octane ratings and ensure the smooth running of high performance car engines.

On Monday the Government responded to growing concern about the danger of lead pollution by announcing that the legal limits on lead in petrol were to be cut by two thirds to 0.15 grams a litre. The new limits will be brought in by the end of 1985.

The Government's move to cut lead in petrol is expected to cost about £200m a year. About £120m will be needed to buy the extra crude oil required in refineries if petrol octane ratings are to be maintained. The oil companies are likely to have to spend up to £400m to modify existing refineries.

Davy said its process could cut the bill for reducing lead in petrol to £200m—the cost of building a plant to produce 1m tonnes of MTBE. It said two of these 500,000 tonne a year MTBE units could be built within two years and could make enough petrol additive to meet the UK's octane requirements.

MTBE could be used to give lead free petrol the required octane ratings—the required rating for four star is 97, Davy said. Its process would enable Britain to move to lead free petrol without having to buy extra oil and without making further modifications to refineries.

Last night there was speculation in the industry that at least one petrol additive plant might be built at Nigg Bay on the Cromarty Firth in Scotland.

The Department of Energy yesterday cast doubts on Davy's claims for its new process because:

● The process would use some natural methane gas as a raw material and the British Gas Corporation, which has a monopoly over UK natural gas, is suffering from a shortage of supply. The methane might not, therefore, be available.

● The use of MTBE in car engines could lead to the risk of smog or acid rain forming.

● Lead compounds act as engine lubricants as well as boosting octane levels while MTBE does not. Petrol with an MTBE additive could therefore be successfully used only in new cars.

Davy responded by saying lead was not necessary in engines because of its lubricating powers, and denied the addition of MTBE would encourage smog and acid rain.

Death diving-bell cable criticised

AT the inquiry in Aberdeen yesterday on two Americans who died in August 1979 after their diving bell became separated from the support ship Wildrake, a North Sea diver strongly attacked the bell's safety mechanism.

Mr. Lacey Lahren, from South Dakota, said the secondary means of recovery when the bell was separated from its main lift wire was unsatisfactory.

He and Mr. Victor Guiel, from Massachusetts, one of the men who died, had made safety modifications to the bell a few days before the fatal accident near the Thistle A platform, off Shetland.

They were unhappy about the connection of the life-support umbilical cable to the bell because at that point the cable could not take the strain if the lift wire broke.

The other dead man was Mr. Richard Walker, from California.

Mr. Lahren, now a diving superintendent, said that he had been in two situations before when the umbilical cable had parted, and he and Mr. Guiel devised a clamp which would take the strain.

A further secondary means of recovery, drop weights which could be released allowing the bell to rise to the surface, was a "useless mechanism."

The weights could not be released if the bell was on the bottom but only if the bell was suspended, Mr. Lahren said.

In addition the weights themselves had been lashed on to the outside of the bell with nylon rope, which meant that the divers would have to leave the bell to cut the rope.

If the bell were on a flat surface divers would not be able to open their bottom door to exit, Mr. Lahren claimed.

The divers would in any case have to get out to cut away the umbilical and lift wire, whose weight might stop the bell from rising, "but that was an impossibility if the bell was sitting on the bottom."

The inquiry continues.

Onshore oil production licences granted

BY RAY DAFTER, ENERGY EDITOR

THE GOVERNMENT has awarded seven onshore oil production licences as part of its programme to boost landward exploration and production activity.

The licences, totalling 1,312 sq kms, are in areas previously covered by exploration concessions, which authorised companies to carry out geological survey work only. The latest allocation will allow licensees to drill for oil and gas.

The companies awarded the licences are: Taylor Woodrow Energy and RTZ Oil and Gas, 204 sq kms in Strathclyde and Lothian, Scotland; Haoma North West Oil and Gas (UK), James Finlay and Company, and Candecca Resources, 249.4 sq kms in West Yorkshire, North Yorkshire and South Yorkshire; Shell UK, 250 sq kms in Clwyd and Cheshire, 105 sq kms and 175 sq kms in Staffordshire, and 150 sq kms in Staffordshire and Derbyshire; British Gas and BP Petroleum Development, 178.6 sq kms in Dorset.

The British Gas/BP licence is close to the important Wytch Farm field owned by the two companies.

British Gas, as the operator and 50 per cent owner of Wytch Farm, is fighting a Government plan to sell off its stake to private industry. Wytch Farm is bigger than some commercial fields offshore and has become Britain's biggest onshore producer.

Last year 240,000 tonnes of oil was produced from onshore fields, double the amount in 1979.

There are 46 production licences in force on land in the UK. In addition 14 old mining licences enable companies to drill for and produce crude oil and gas.

Government urged to support textile sector

By Rhys David

THE GOVERNMENT must be prepared to support domestic industries such as textiles which are engaged in adjustment and change, Sir Maurice Hodgson, the chairman of ICI, urged yesterday.

Sir Maurice, said after the annual meeting of the British Textile Confederation, protectionism was to be avoided, but inadequate pursuit of proper UK interests would provoke protectionist attitudes and seriously weaken successful industries which had a rightful place in Britain's future industrial base.

The textile industry should be able to expect government support of its demands for a strengthened General Agreement on Tariffs and Trade (GATT) multi-fibre arrangement in the renewal negotiations about to start.

Sir Maurice said the industry was entitled to expect that Government would deliver on its inflation promises.

"The current UK inflation rate is an average of two widely disparate numbers. Between January, 1980 and 1981 the prices of nationalised industries' goods and services increased by 27 per cent, while manufacturing industry prices increased by only 11 per cent. The Government should take a dose of its own medicine and set itself a target to become internationally competitive."

Earlier the newly-elected president of the BTC, Mr. Russell Smith, warned that the industry must make sure the benefits of increased activity when the recession ends were not seized by overseas competitors.

It was necessary to generate wider public awareness of the contributions which textiles and clothing made to UK national wealth. "In 1979 their net output was larger than motor vehicles iron and steel or coal mining," he said.

On the coming MFA negotiations, Mr. Smith said the EEC approach must be influenced by the fact that the Community is the largest market for textiles and clothing from the developing world.

"We must all play our part in assisting the advance of poor relations, but the Community is well in the lead. There are highly protected domestic markets in the U.S., Canada, South America, South Africa, Australia and in much of the Far East. Surely we must now mark time and let these other countries catch up by more equitably sharing our joint responsibility to the truly developing world."

Bomb blast suspicion increases

By Martin Dickson, Energy Correspondent

SUSPICION increased last night that a bomb caused the explosion at Sullom Voe oil terminal, in the Shetlands, during the Queen's visit on Saturday. This followed an announcement by British Petroleum that there was no evidence that equipment failure had caused the blast.

BP, the operator of Sullom Voe, said the explosion had occurred high up in the terminal's power station but the equipment concerned had not been in operation at the time. It had suffered only minimal damage, but debris had been scattered over a wide area.

Grampian police, who have tested the debris said last night that it was too early to say whether a bomb had been the cause of the blast. The IRA has claimed responsibility.

BP said the Queen had not visited the power station during her visit and all buildings along her route had been fully examined.

Marconi warns of 1,000 jobs at risk

MARCONI Space and Defence Systems, part of the GEC group, has warned that 1,000 jobs could be lost over the next 18 months at its underwater weapons department if the Government decides to place an order for the Royal Navy's heavyweight torpedo with its U.S. rival.

The company also said the choice of the U.S. system would damage sales of the Stingray lightweight torpedo which is to start production at Marconi's new factory at Neston, Cheshire.

Billiton to close tin operations

BILLITON (UK), Shell Petroleum's minerals subsidiary, is to close its tin recovery operation in the Bissoe Valley, near Truro, and also a mill taken over at Mount Wellington.

About 160 direct jobs are to go immediately. Billiton blames the price of tin—about £6,000 a tonne—and difficulties likely to arise over minerals rights and planning approvals.

Attempt to reopen slander action fails

MR. Michael Gillard yesterday failed in a move to re-open his slander action against Sir James Goldsmith.

Mr. Gillard, a journalist, was refused leave to challenge in the House of Lords a high court jury's verdict that Sir James had not slandered him by accusing him of blackmail.

Sir James claimed that Mr. Gillard had blackmailed public relations consultant Mr. John Addey in 1976 to obtain information derogatory to Sir James's solicitor, Mr. Eric Levine, for use by Private Eye magazine.

Industrialists say Conservative policies have prevented growth

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

THREE industrialists warned the Government yesterday that its economic policies have forced successful companies to abandon plans for growth because *they have had to fight for survival.*

Launching a Confederation of British Industry report on how medium-sized companies succeed, two of the three said they had been hit by the level of sterling and interest rates during the past 18 months.

Mr. David Brown who founded DJB Engineering eight years ago, said, "This Government has changed the rules to such an extent that the name of the game now is simply 'survival'".

Mr. Brown has built his company *into a construction equipment* manufacturing business with a £25m annual turnover and a year ago attempted to take over BL's truck business.

He said that the only way his company could recoup lost ground was to expand abroad. Costs had been cut by 15 per cent as a result of productivity improvements. But a further 15 per cent was needed and this *could not be achieved* in the UK.

Both Mr. Brown and Mr. Bernard Hallé managing director of Hallé-Models of Macclesfield, a textile company, said their businesses had been seriously hit by high interest rates because they had borrowed heavily to finance expansion.

"But we're still profitable and we hope to do better in the future because 25 per cent of our competitors have gone out of business in the last 18 months," said Mr. Hallé.

The third industrialist, Mr. Austin Walker, chairman of Air Products, was careful not to blame the Government but stressed that Britain's economic problems needed tough action.

Sir Austin Bide, chairman of Glaxo and chairman of the CBI's research and technology committee which produced the report, said he was concerned about how long successful companies could withstand current economic pressures.

One company contributing to the report had warned that there was "a limit to what can be achieved by management adapting to external circumstances."

High levels of sterling and interest rates were demotivating managers geared to expanding their businesses quickly.

The CBI report covers the record and views of 30 companies, mostly employing about 500 people. It criticises governments for not doing sufficient to help companies overcome international trading problems, and is also critical of financial institutions' investment records.

Growth in manufacturing industry. CBI, Centre Point, London WC1; £6.50.

Hedderwick likely to pay in full

BY CHRISTINE MOIR

HEDDERWICK Stirling Grumbar, the stockbroker which was "hammered" on the Stock Exchange on April 10, will probably have to call on £1m of its partners' personal assets but should then be able to meet its debts in full, a creditors' meeting was told yesterday.

The firm has net recoverable assets estimated at £14.1m and liabilities of £15.1m, but the personal assets of its 22 partners amount to £1.3m or £55,000 each. Under Stock Exchange rules these assets have been frozen and will be used to make up any deficiency in the firm.

Eventually, therefore, Hedderwick *should be able to meet* its obligations in full—even if £1.5m of the £2m owed to the firm by Farrington Stead, the Manchester gilts investment group, is irrecoverable.

Meanwhile the 6,000 Hedderwick clients—95 per cent of them private investors—are owed £5.3m. In nearly every case they will be able to claim against the Stock Exchange's compensation fund for the cash or market value of the securities involved based on the price prevailing on the day of "hammering."

Mr. Brindsley Nicholson of Linklater and Paine, the Stock Exchange's solicitors, warned that Farrington Stead's assets are likely to prove insubstantial in comparison with the debt. "It looks as if Farrington Stead *made substantial losses for its* clients on gilts transactions."

Mr. Nicholson also touched on the mystery surrounding Farrington Stead's involvement with Hedderwick. A large part of the *debt for which* Hedderwick is suing—£848,000—is a sum paid by Hedderwick through its gilts dealing department on March 11.

The assessment of Hedderwick's assets excludes any claim on insurance carried by the firm against "fraudulent and dishonest acts." Mr. Nicholas said, because the firm's aqairs had not yet been fully investigated.

He also said the firm had started proceedings against Mr. Aggie de Souza, the chief gilts settlement clerk at Hedderwick, for breach of trust. His assets, *including £300,000 in a Chemical* Bank account, have been frozen.

Appeals on licences for casinos

By Raymond Hughes, Law Courts Correspondent

GRAND METROPOLITAN and *Lonrho* yesterday appealed to the High Court against cancellation of gaming licences of casino companies they bought from Coral Leisure group.

The licences of International Sporting Club (London) and Palm Beach Club were cancelled by South Westminster gaming licensing committee last September. The committee said the companies were not fit and proper to operate casinos.

In December, Palm Beach Club was bought by Mecca Sportsman, part of Grand Met. In January AVP Industries, a Lonrho subsidiary, bought Coral Casinos (UK), of which International Sporting Club (London) was a wholly-owned subsidiary.

Appeals against the cancellations were dismissed by Knightsbridge Crown Court in March.

Mr. Gavin Lightman, QC, for ISC, told Queen's Bench Divisional Court yesterday that after acquisition by Lonrho there was a complete change in ISC's management and control.

Effective action had been taken immediately to reform it and to make it fit and proper to hold a gaming licence.

He said the Crown Court had not answered the proper question on the earlier appeal. Instead of asking itself if at the dae of appeal ISC was "fit and proper," the court substituted the question whether ISC had committed misconduct in the past.

Mr. Lightman said the judge applied illegitimate and legally irrelevant considerations. The appeals, opposed by the police and the Gaming Board, continue today.

April Government borrowing higher

BY DAVID MARSH

CENTRAL GOVERNMENT borrowing rose sharply last month as a result of a big drop in tax collections caused by the Civil Service dispute.

The growth in Government spending slowed substantially, but this was also partly caused by the disruption in the Civil Service, now in its 10th week.

The borrowing requirement in April was £2.41bn, 2½ times the figure of £934m in April, 1980, the Treasury said yesterday. Borrowing in April, the first month of the 1981-82 financial year, amounted to 21 per cent of the forecast for the whole year made in the March Budget.

The Government maintains that the delayed tax revenues will be paid over once the dispute ends. The Treasury statement stressed that here was "no risk to the Government's economic strategy."

The total amount of revenue—tax and national insurance contributions—delayed by the *dispute since it started in* March is estimated at between £2bn and £2.5bn to the end of April.

The Treasury puts delayed tax payments last month at about £1.25bn to £1.5 bn. Without this, the borrowing requirement would have been about £1bn. In March, borrowing was £860m.

Revenue by the Government's consolidated fund — which groups together a large slice of public sector transactions—fell 19 per cent from April to *£4.13bn.*

This was more than accounted for by the dispute, the Treasury said. The main drop was suffered by the Inland Revenue, where receipts were down 23 per cent. Customs and Excise receipts fell 3 per cent.

The Government's deficit on the National Insurance fund also widened as a result of delayed National Insurance contributions.

Consolidated fund spending rose 8 per cent compared with April 1980 to £6.05bn. This was *below the Government's forecast* growth rate of almost 10 per cent for the whole financial year.

Wavepower studies may be dropped

By David Fishlock, Science Editor

WAVEPOWER, once believed the most promising of the "benign and renewable" *energy sources* available, may be abandoned altogether by the Government in the next year.

The four research teams still being funded by the Department of Energy have until March 1982 to show that wavepower machines may achieve electricity costs as low as 5p a kilowatt-hour at present-day prices. The Department expects that none of the four systems on test will succeed in this.

Mr. David Howell, Energy Secretary told the Institute of Energy in London yesterday that there would be a critical review of his Department's research spending on these energy sources this year.

Sir John Hill, chairman of British Nuclear Fuels and former chairman of the United Kingdom Atomic Energy Authority, was elected president of the Institute of Energy.

Consumer credit up in first quarter

BY DAVID MARSH

CONSUMER CREDIT granted by retailers to support spending in the shops rose sharply in the first quarter this year, reflecting increased sales from shops and lower interest rates, according to Government figures published yesterday.

Advances by retailers rose by 8 per cent, seasonally adjusted, in the first three months compared with the final quarter of last year, taking the total to £741m.

Total new consumer credit rose less, by 5 per cent, to £1.88bn, reflecting slower growth of lending by finance houses and other specialist companies, which rose 3 per cent to £1.14bn in the first quarter.

The Department of Trade said that overall March consumer credit fell slightly from February to £624m, although it remained above the January figure.

The figures are in money terms, not at constant prices. But growth rate in the last three months has been well above the level of retail price inflation, running at about 12.5 per cent at an annual rate.

Further statistics from the Trade Department showed that retail trade volume in the first quarter rose by a seasonally-adjusted 3.5 per cent compared with the fourth quarter last year.

The index of retail sales volume in March was 111.5 (1976=100) down from 112.9 in February and 114.0 in January.

David Churchill writes: A sharp fall in consumers applying for credit in April was disclosed, however, in figures published by the United Association for the Protecion of Trade, the largest credit information agency.

Rodgers launches search for distribution cost cuts

BY LYNTON McLAIN, TRANSPORT CORRESPONDENT

AN ATTEMPT to find a cut of £2bn in the annual cost to British industry of distributing goods and materials was launched yesterday by Mr. William Rodgers, MP, the former Transport Secretary.

It comes in a survey to industry's chief executives on behalf of the Centre for Physical Distribution Management.

A reduction of only 10 per centi n distribution costs would save the £2bn, according to the centre, which is part of the British Institute of Management.

British industry and commerce spent £14.1bn on freight transport in 1979, the latest available Government figure, but this does not include warehouse storage, handling or other associated costs.

Mr. Rodgers said Ministers could do little themselves to influence these details of industrial transport, but such a cut by management "would make a central contribution to reducing costs and making industry more efficient."

National Survey of Distribution Costs Questionnaire, the Centre for Physical Distribution Management, British Institute of Management, Parker Street, London WC2B 5PT.

FT ELECTRONICS CONFERENCE

Micro-electronics 'vital to West German machine manufacture'

BY JASON CRISP

IF WEST GERMANY does not make major progress in applying micro-electronics to its machine building industry in the next few years it will no longer be able to pay its oil bills, warned Mr. Uwe Thomas, director of electronics and production technology at the German Ministry of Research and Technology.

He told the Financial Times World Electronics Conference in London yesterday nearly 90 per *cent of West Germany's machine* building industry would be considerably changed in the next few years.

German machinery manufacture, consisting mainly of small companies, accounted for one-quarter of the world market and was the country's largest export industry.

But half the enterprises affected were still only at the information and planning phase, he said. "To my mind there are only two possibilities. Either the German machine industry will make great advances in the next few years in the application of micro-electronics and the related technologies of sensors and actuators, or we shall no longer be able to pay our oil bills."

Mr. Thomas said the other major areas to be affected were the motor industry, particularly in fuel saving: *the substitution* of mechanical and electro-mechanical products with electronics in communications and elsewhere: and the opening of new markets in leisure and the information supply industries.

The main impact of information technology could be seen in the structural change to the method of producing goods and not in consumer demand. Thus television had become widespread because it was a low-cost product, not because the amount that private households spent on information and entertainment products had substantially increased.

Mr. Thomas warned that the German and overall European place behind the U.S. and Japan in both production and market share of microelectronics would cause considerable problems.

"The few efficient micro-electronics manufacturers in my country will have to finance enormous research and development efforts from a relatively small sales volume. In addition, there are handicaps resulting, on the one hand, from the organisation of this industry and, on the other, from the fragmentation of the European market.

"In particular, in the organisation of the microelectronics industry—if we are to believe U.S. market experience—large electrical companies had clear disadvantages compared to small dynamic technology enterprises."

Dr. Ian Mackintosh, chairman of Mackintosh International, predicted that by 1991 electronics production was likely to be the largest single manufacturing sector in the world. Total production in the U.S., Japan and Europe was expected to reach almost $600bn (£286.3bn).

He questioned whether this was appreciated by European leaders. "The men and women who run Europe have got to change from feeling a polite but slightly uncomprehending interest in electronics to have their nerve-ends tingle with the realisation that this is the most revolutionary new industrial technology since the invention of the steam engine."

The promises offered by electronics in terms of enhanced economic activity, employment, wealth and the quality of life were equalled only by its threats in terms of the overwhelming waves of imports of electronics goods, continuing job losses and an irreversible economic decline into an eventual relegation to the Third World status of "Once-Industrialised Country."

The global electronics market would grow from $368bn in the current year to $845bn in 1991, representing a compound *average annual growth* of 8.5 per cent in real terms.

In Western Europe the market of $103bn in 1981 would grow to $244bn, excluding military markets, Dr. Mackintosh said. The highest rate of growth would be in West Germany (10 per cent) and the lowest in Italy (7 per cent). He saw an 8 per cent growth in UK electronics.

The main growth areas would be in telecommunications, office equipment and instrumentation.

Mr. Francois Henrot, director of telematics and commercial affairs at the French Telecommunications Authority, said there was already an unexpected demand for some areas of information technology, although most advances would still come from the technological push of the growing number of new developments.

He said there could be no telematics—the merging of telecommunications and information technologies—without a good and widespread telephone network, well equipped with the latest technologies.

In France one third of the trunk network was digital. The entire network was expected to be converted to digital technology by the early 1990s.

Last week France began further trials for an electronic telephone directory which will replace all conventional printed directories, he said. About 150 electronic directory terminals have been installed in three rural towns in Britanny. In each town there is a different system for operating the directory which is connected to a central computer via the telephone line.

Mr. Jerry Levine, president of Mentor, the U.S. consultancy, said the greater the percentage of profits reinvested in research and development, the greater the annual increase in sales and the annual increase in profits.

An examination of the U.S. electronics industry had found that telecommunications companies invested an average 8.4 per cent of profits in R and D and had an annual sales growth of 2.4 per cent and profits growth of 16 per cent over a five year period.

At the other end of the scale Mr. Levine cited nine semiconductor companies which had invested 95 per cent of profits in R and D and had achieved an annual sales growth of 23 per cent and profit growth of 33 per cent.

UK NEWS

BICC to go ahead with optic fibres at Shotton

By Elaine Williams

BICC, the leading UK cable-manufacturer, is to proceed with a £15m project to make optic fibres at Shotton, North Wales.

The decision follows the company's threat in April to abandon its plans if the Welsh Office refused to grant the scheme discretionary interest relief under the Industry Act, 1972, section 7.

However, Mr. Nicholas Edwards, Welsh Secretary, agreed that the joint venture between BICC and the U.S. Corning Glass Company should receive a selective investment grant of £735,000.

Work will start immediately on construction of the plant which will create 150 jobs and make about 50,000 km of optic fibre a year, to replace conventional telephone cables used by the telecommunications industry.

BICC has taken an option on a 7¾-acre site in Deeside Industrial Park, Shotton, offered by BSC (Industry).

Deeside is designated a special development area because of the rundown of the Shotton steelworks over the past year, creating more than 8,000 redundancies. As such, a 22 per cent regional development grant is available to BICC.

The factory will be the first in Britain to make the high quality fibres necessary for the telecommunications market. It will be operating in early 1983.

Its main customer for the fibre developed by Corning Glass will be British Telecom, which is to modernise its telecommunications network in the mid-1980s.

The plant will also support BICC and Corning's efforts to increase exports to Europe and to gain overseas markets.

London Chamber backs fifth Heathrow passenger terminal

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

A FIFTH passenger terminal at London's Heathrow airport would be more economic than a major development at Stansted or an airport at Maplin, according to the London Chamber of Commerce and Industry.

It said in a policy statement a fifth terminal on the Perry Oaks site at the western end of the airport would give unrivalled advantages of location and the most effective use of capital.

While accepting that development of Stansted, in Essex, would provide additional capacity for holiday, charter and scheduled flights, the chamber does not believe full-scale development of Stansted is the solution to the problem in London and the South East.

It believes additional capacity at Heathrow would enable it to handle up to 53m passengers a year, against the maximum of 38m now envisaged with the development of the fourth terminal in the south-east corner.

A fifth terminal would also provide some relief while major modernisation and refurbishment of the other terminals was undertaken.

Although the Government and the British Airports Authority have dismissed the possibility of developing a fifth terminal at Heathrow, the chamber believes this is "premature," and that grounds for dismissal are inadequate.

Perry Oaks would yield up to 400 acres of land for another new terminal, with direct road access to the M25 motorway.

The alternative of further development at Stansted or Maplin would force airlines to split their operations inefficiently between airports, use smaller aircraft, increase the number of aircraft movements in London and the South East, and inflict noise in new areas.

The chamber's views are supported by British Airways but are likely to be contested by local authorities and environmental groups around Heathrow, who have long campaigned against increased use.

Arguments for the development of Heathrow are likely to be given an airing when the Stansted planning inquiry starts in September.

In addition to environmental opposition there is likely to be argument in favour of alternative solutions, including development of both Heathrow and Gatwick.

The chamber's document has been sent to government departments, the Civil Aviation Authority, the British Airports Authority, the Greater London Council and British Airways.

Car retail outlets fall by 2%

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

THE NUMBER of franchised car retail outlets in Britain fell last year by 2 per cent, from 9,018 to 8,884.

The drop was particularly noticeable among British car networks, down 3 per cent to 4,118. Franchises selling imported cars fell 1 per cent to 4,759.

BL withdrew from 60 outlets, a drop of 3 per cent. It still had 1,746 dealers at the end of 1980 but the group's loss is reflected in the cut in its franchised network, down from 3,865 in January, 1975.

Last year Fiat, apart from suffering a big setback in market share in the UK, also lost dealers more rapidly than any other franchise as it merged the Fiat and Lancia outlets. Network fell by 63 outlets, 16 perc ent. to 341.

Some Japanese companies enlarged their dealership chains. Subaru was up 16 per cent to 100 outlets, Mazda up 7 per cent to 241 and Toyota up 4 per cent to 225 outlets.

Of the other UK-based companies, Ford shed 1 per cent of its dealers to 1,224 outlets, Talbot fell 5 per cent to 551 and Vauxhall was down 1 per cent to 597.

The figures, from the 1981 edition of Franchise Networks, show that most networks suffered a decline in sales per outlet last year—to be expected in view of the 12 per cent drop in car registrations.

Companies which bucked the general trend were Volvo, up from 154 to 155 cars per outlet and three Japanese: Honda, up from 77 to 113, Subaru, up from 40 to 45 and Toyota, up from 138 to 179.

The biggest fall was recorded by the network selling Lada cars from the Soviet Union — down from 120 to 77 cars per outlet last year.

The severe recession in the commercial vehicle business had repercussions on the franchised networks: 114 or 9 per cent of Britain's commercial vehicle outlets disappeared last year taking the total down to 1,138.

British outlets fell by 13 per cent to 784.

Franchised Networks 1981. Ronald Sewell and Associates, 1 Queen Sq., Bath BA1 2HE. £3.25.

● The importers of Lada cars are cutting the price of five models by an average of 5 per cent until the end of August.

Lifeboat institution spent £12m saving 1,215

BY JAMES McDONALD

IT COST the Royal National Lifeboat Institution nearly £12m last year to save 1,215 lives from the sea, nearly £10,000 a life.

Inflation respected no boundaries and so the RNLI, in spite of the huge volume of voluntary effort within the organisation, was seeking £14m this year to maintain and improve its rescue service, the Duke of Atholl, its chairman, said yesterday. He was addressing the institution's annual meeting, at the Royal Festival Hall, London.

The Duke said that behind the bald figure of lives saved, the highest for five years, lay nearly 3,000 rescue missions "and many, many hours of unremitting endeavour, often in extreme cold, extreme discomfort and immediate danger."

Fund-raising from all sources (lotteries appeals, charity race day, souvenirs, gifts, Christmas cards, in addition to donations and legacies) is itself expensive, as the institution's 1980 report shows. Of £11.5m expenditure last year £2.05m went on "lifeboat support—fund-raising and publicity."

The institution plans to accelerate its boat-building programme this year with the introduction of more lifeboats of modern design, said the Duke.

At the end of last year the institution had a station fleet of 258 lifeboats, ranging from the large, 70 ft Clyde class boats to the small, high-speed D class inflatable craft. There was also a relief fleet of 78 lifeboats. The cost of the boats ranges from about £350,000 for an Arun craft to about £3,500 for a D class inflatable.

The D class and Atlantic 21 rigid inflatables carry out more than half the institution's rescues.

In addition to its need for funds the institution depends on the risks taken voluntarily by lifeboatmen. No lifeboatman lost his life on service last year but about 430 have died since the institution's foundation in 1824. In that time 106,524 lives have been saved from the sea.

The Duke said that although the number of rescues from pleasure-craft had increased in recent years, the service was as vital as always to merchant and fishing vessels.

He presented bravery medals to lifeboatmen and awards for long service to voluntary fund-raisers. Silver medals were presented to coxwains Malcolm Macdonald of Stornoway, Ian Johnson of Troon and Charles Bowry of Sheerness.

Bronze medals were presented to coxwain Richard Hawkins of Great Yarmouth and Gorleston, and to Helmsmen Robert Reynolds of Cardigan, Graham White of Witherness, Frank Dunster of Hayling Island, Alan Coster of Lymington and Roger Trigg of Southwold.

Civil Service unions will not agree to pay talks yet

BY PHILIP BASSETT, LABOUR STAFF

CIVIL SERVICE unions' leaders today will decline the Government's offer of further talks on pay in a letter to Lord Soames, Lord President of the Council.

The refusal of the unions to talk for the present on the Government proposals until there are negotiations on the 7 per cent offer for this year will further increase prospects of an all-out strike next month after the present campaign of selective action.

The proposals are for flexibility over cash limits on next year's pay rise for the 530,000 white-collar civil servants, and an outside inquiry into their pay in the long term.

The letter, from Mr. Bill Kendall, secretary-general of the Council of Civil Service Unions, was approved by its major policy committee yesterday.

Mr. Kendall will underline the unions' anger at the discrepancy between the 7 per cent offered civil servants and the 11 per cent rise expected to be announced for the armed forces.

The letter will repeat the unions' case that the 7 per cent offer should go to arbitration, though reports yesterday that it would contain a hint that the unions might guardedly consider the offer's going to a non-binding outside inquiry seem unlikely to be borne out.

Left-wingers in the Civil and Public Services Association reduced the majority of moderates on the national executive, though the Right retains control of the union. It was a low poll.

The Left won three more seats on the 26-strong executive. The division now is Right 17, Left 9, or 18-10 including the two vice-presidents.

The figures do not truly reflect Left gains in the year since the now outgoing Right dominated executve swept the previous year's Left-led executive from power by 20-6 in a landslide victory to give a division at the New Year of 24-2.

Mrs. Kate Losinka, CPSA president and the union's leading moderate, said after yesterday's result that calling of runners-up as replacements for executive members "could very easily happen." Three of the runners-up are Left-wingers.

Voting ran close at the top, and there were recounts.

Mrs. Losinska beat off a challenge to her presidency, winning 26,425 votes to 16,498 for Mr. Len Lever, a middle-of-the-road candidate, and 15,351 for Mr. Kevin Roddy, the Left candidate and the union's leading Militant Tendency member.

Under CPSA rules Mrs. Losinska retires from the presidency after this year for at least 12 months. If the Right secures the presidency again next year, probably with either Mrs. Pat Womersley or Mr. Charlie Elliott, first and fourth respectively in the executive voting, it is unlikely that Mrs. Losinska would stand against a sitting Right-wing president, who might try for the full three-year term of office.

Delegates reaffirmed the principle that introduction of new technology in the Civil Service should be accompanied by a shorter working week and not by job losses.

Top grades urge tougher action

BY JOHN LLOYD, LABOUR CORRESPONDENT

EXECUTIVE GRADE civil servants yesterday overwhelmingly endorsed the strategy, now approved by unions representing the bulk of civil servants, to intensify strike action from early next month.

The conference of the Society of Civil and Public Servants meeting in Blackpool voted by about 20 to one for an executive motion which called for a further escalation of action, in line with decisions taken in the past week by the taxmen's union — the Civil Service Union — and the Civil and Public Servants' Association.

The motion was amended to harmonise it with the other unions' decisions and contained no specific reference to all-out action over a defined period.

But Mr. Gerry Gillman, the SCPS general secretary, said after the vote: "We are now instructed to campaign to get a longer stoppage."

It is likely that at the crucial meeting of the Council of Civil Service Unions to co-ordinate the various decisions of union conferences and decide on how action is to be intensified will be brought forward to next week from the scheduled date of May 26.

Union leaders believe the tide for militancy is running strongly, and that it must be ridden confidently if they are to retain control.

The Society of Civil and Public Servants motion also commits its members in the Department of Employment and the Department of Health and Social Security to join selective strikes. This is almost certain to mean action by the critically-placed computer operators and the consequent stopping of giro cheque payments to the unemployed, the sick and other claimants.

However, union members will be instructed to make payments manually to avoid hardship. Mr. Gillman said that this would inevitably mean delays and overpayment, but the main brunt of the action would be felt by the administration.

The mood of the conference yesterday was highly charged. Delegate after delegate emphasised in the debate that the service would never return to the same relationship with government, and that the present Government had wholly lost the support of civil servants.

Midland Bank hit by computer staff strike

By Our Labour Staff

ALL MIDLAND BANK'S main computer and cheque clearing operations were paralysed yesterday by a strike of data-processing workers, engineers and other members of the Banking, Insurance and Finance Union.

The strike, lasting one shift cycle and spread over the period from Monday night to this morning, halted all cheque clearing, which is carried out at the Coopers Row computer centre in London.

International transaction work handled at the bank's Pudsey centre in West Yorkshire and branch statement processing at the Bootle and Brent computer centres were also stopped. A small amount of work is understood to have been carried out at the bank's computer operation in London's West End.

The effects of the stoppage — mounted over pay — in terms of work backlog will affect the bank's operations for most of this week. The bank claimed, however, that inconvenience to customers would be minimal.

The union is taking action in protest at a 10 per cent pay increase which the five English clearing banks are offering to Bifu.

Picketing test case adjourned

A HIGH COURT action, which could be the first to test the Government's secondary picketing laws, was adjourned for three weeks yesterday.

The action, under the 1980 Employment Act, is described by union officials as the first case of its kind. An Essex company is attempting to stop what it claims is secondary picketing of its premises.

Chloride Automotive Batteries had already obtained a temporary injunction banning the pickets from its premises at Chequers Lane, Dagenham.

ILO probes 'breach of code'

Gareth Griffiths looks at complaints against the UK in civil service dispute

THE FRENCH director general of the International Labour Organisation, M. Francis Blanchard, yesterday received a formal request at his office in Geneva from the Trades Union Congress to examine an allegation that the British Government has flouted an ILO convention in its handling of the civil service dispute.

The TUC says the Government has broken convention 151 of the ILO's code which covers industrial relations in the public sector.

In particular the TUC submission concentrates on articles seven and eight of the convention which are concerned with the "full development and utilisation of machinery for negotiation of terms and conditions of employment and the settlement of disputes."

The convention has the status of an international treaty and can only be cancelled after 10 years.

Yesterday's move is more of an embarrassment than a threat to the Government. The ILO essentially sets standards to improve the position of workers. Its only political power, like other UN agencies, is a moral one.

The TUC in its complaint to the ILO argues that the Government's unilateral decision to scrap the Civil Service pay research system and impose the 6 per cent cash limit on pay settlements goes against convention 151.

This is the second time the British Government has been taken to the ILO for allegedly breaking conventions. In 1962 the National Union of Bank Employees, now renamed the Banking, Insurance and Finance Union, took the government to the ILO through the TUC.

The NUBE maintained that it was not permitted to organise freely in the various clearing banks. A government inquiry ensued and the affair sorted itself out by 1964.

The TUC now expects an interim judgment in a couple of months time and is convinced that the Government is likely to take action to avoid being criticised by the ILO.

TUC officials also argue that apart from the ILO's impact on the civil service dispute, which it discounts as slight, there is an important principle at stake affecting public sector employees.

Although its influence is primarily moral, the ILO has seen some tangible results. The Court of Inquiry under Lord Pearson into the British Merchant Shipping Act stemmed from the ILO's findings that British masters of ships had too much power over their crews, which needed to be reduced.

The organisation has also attracted some top industrial relations practitioners. Professor Sir John Wood, chairman of the Central Arbitration Committee, is one of 18 independent experts that each draw up the ILO report on labour conditions throughout the world. The 1981 report is to be published later this month.

The organisation has also suffered some buffeting. The most serious blow came when the U.S., which put up 25 per cent of the ILO budget, withdrew from the organisation in 1975.

Dr. Henry Kissinger, the then Secretary of State, was highly critical of the ILO's voting procedures, its resolutions critical of Israel, human rights in the Eastern European communist countries and the difficulty of dividing governments from independent trade union and employers' representatives in totalitarian countries.

The U.S. rejoined the ILO last year although the budget remains smaller than at the time of its withdrawal. Voting pacts owing more to wider political allegiances still persist.

Common Market countries, for instance, vote en bloc generally on technical matters and Third World countries are critical of the ten permanent seats the major industrial countries hold on the governing council.

An adverse report on a country's labour situation can be used as propaganda against a particular government. Both the ILO's own staff in Geneva and the TUC say that governments are unlikely to go against ILO recommendations.

Conventions are the mainstay of the ILO's thrust to improve labour standards and cover a wide range of subjects. These include industrial diseases, the prohibition of forced labour, minimum mantime wages, the employment of children, young people and women, compensation payments and protecting human rights.

The governing body meets three times a year and represents 28 Government members, 14 employer members and 14 trades union members. The governing body meet just before the annual three and a half week conference each June and it is at this meeting that the TUC hopes its case will be considered.

Each member country has four representatives at the conference, two from the Government and one each from employers' organisation and the national trade union organisation.

Much of the governing body's key work is done by its committee on freedom of association which examines breaches of the right to organise freely. The committee has examined more than 850 complaints since it was created in 1951.

Investigations can take several months. Once a complaint has been received by the ILO, the government concerned can give its comments.

The TUC is afraid that the Government, either through the Department of Employment or the Civil Service Department, will delay its comments so that no action is taken until after the June conference. The next meeting of the governing body is then in November.

Scargill launches bid to lead miners' union

FINANCIAL TIMES REPORTER

MR. ARTHUR SCARGILL, the Yorkshire miners' leader, launched his campaign to win the election for presidency of the National Union of Mineworkers on the retirement of Mr. Joe Gormley.

Speaking at the annual conference of the union's South Wales area, at Porthcawl, Mid Glamorgan, yesterday he told delegates: "If this sounds like a manifesto, then you're damned right. It represents an election manifesto.

"I am putting myself forward as a candidate in this election because I want to see a union prepared to act on national conference decisions, prepared to be accountable to the members at all levels.

"I want to see a union prepared not to collaborate with the National Coal Board but prepared to fight the board in the interests of those it represents.

"But if the price of winning the presidency is to compromise my views or compromise my principles, then you can keep the job."

Mr. Scargill told the 200 delegates he would base his programme on total opposition to pit-closures on grounds other than the exhaustion of coal reserves. He said he would be prepared to strike on that issue.

Mr. Emlyn Williams, the South Wales president, has already called on his 26,000 members to vote 100 per cent for Mr. Scargill in the election. Today, Mr. Williams and his area executive will also call at the conference for the £100-a-wek minimum with differentials for higher-paid workers that now forms a part of Mr. Scargill's election programme.

Ford men fight disciplinary rules

FINANCIAL TIMES REPORTER

STRIKE LEADERS at Ford's Halewood car plant, Merseyside, warned management yesterday that strikers were taking the company on in a determined bid to get rid of the new disciplinary code.

The dispute has led to an all-out strike since Monday by 10,000 workers at Halewood. It remained in stalemate yesterday with concern from both sides that the stoppage could be prolonged.

Mr. Steve Broadhead, convenor of the metal-stamping and body plant, said there were no plans for talks.

He said: "The wealth of ill-feeling against the new disciplinary code is so strong that we are taking the company on in a determined bid to get rid of it. The men have really had enough and are demanding to be treated in a civilised manner."

The dispute follows introduction of the code last November. Under it men who are suspended or laid-off as a result of strikes on one shift are also laid-off in the following shift.

The company said yesterday that on present production targets some 2,700 vehicles will have been lost by this morning because of the stoppage, at a showroom value of £12m.

A mass meeting of striking Mini Metro workers yesterday rejected for the second time union leaders' pleas for a return to work.

The 1,700 strikers at Longbridge, Birmingham, threw out the formula for ending the five-day-old strike which has crippled production of both the Metro and Mini.

Full-time officials of the transport workers' union had backed shop stewards' recommendations that the men to return so that talks could go ahead with management.

The strike began four days ago when 45 trimmers, who finish interiors, said they could not keep pace with increased Metro production. Others walked out in sympathy and BL laid off 2,600 others as production was halted.

Plans to speed up BL's pro- given to car union leaders at a special meeting in London yesterday. The company had originally hoped to spread the redundancies over the next two years.

Union votes against N pull-out

By Our Labour Correspondent

THE ELECTRICAL and Plumbing Trades Union yesterday voted down, by a 2 to 1 majority, a resolution which "applauded the statement by Leader of the Labour Party to remove nuclear weapons from this country."

At the same time, the 440,000-strong union renewed its support for Britain's membership of Nato and for multilateral disarmament.

Mr. Edward Sabino, a delegate from Liverpool moving the motion on unilateralism, said: "The problem with multilateralism is that it just doesn't work. It has been tried and it has been seen to fail."

Replying to the debate, Mr. Frank Chappel, the union's general secretary, said: "The awful fact of the matter is that the balance of terror has worked.

"The only wars there have been are where those with a superiority of conventional weapons have imposed their will on others."

ICL staff to seek 15% pay increase

BY GUY DE JONQUIERES

ICL's LARGEST union, the Association of Scientific, Technical and Managerial Staffs, will ask the company's new management today for pay increases totalling about 15 per cent.

The previous management, which was changed earlier this week, had warned the union that ICL's precarious financial state would mean that employees would have to accept a pay freeze during the coming year.

ASTMS officials will also be seeking to sound out the new management's views on future staffing levels. Soon after his appointment on Monday as ICL chairman, Mr. Christophor Laidlaw said that he could not give any guarantee that he would not seek further redundancies in ICL's worldwide workforce of 32,000.

But Mr. Peter Ellis, ICL's deputy managing-director, said yesterday that if ICL had gone ahead with recent proposals to set up a joint venture with Sperry Univac, it would probably have been required to make "substantial reductions" in employment.

The difference between the manpower levels under ICL's new management and those which would have resulted from a link with Sperry Univac "would have been numbered in thousands," he said.

According to Mr. Paul Lyet, Sperry's chairman, the formation of a joint venture with ICL would have meant about 3,000 job losses at the British company. But ICL management believes that the figure would have been closer to 5,000.

Mr. Lyet claimed that ICL's former management had already made a reserve on its books for 1,500 redundancies as a preliminary to discussions with several foreign competitors on possible joint ventures and associations.

He said that such redundancies might be needed even if ICL continued as an independent company. The new management has terminated discussions on collaboration with foreign competitors.

Ambulance strike threat grows

BY PAULINE CLARK, LABOUR STAFF

A CALL for ambulancement to start a programme of national 24-hour strikes if their 6 per cent pay offer is not substantially improved was backed by 300 health service delegates at the National Union of Public Employees' annual conference yesterday in Bournemouth.

The vote was by the health service section of the union, which included delegates from ambulance services in many parts of the country. It supported a militant resolution from the ambulancemen's London North West branch

The union represents about two-thirds of Britain's 18,000 ambulancemen. It is consulting all its ambulance service branches on whether they want to take action if their £5.89 a week pay offer is not improved.

Mr. Bob Jones, NUPE national officer, said the ambulancemen should be considered part of the country's emergency services. "It is high time that pay negotiations for this essential group was put right outside the arena of industrial disputes."

Mr. Patrick Jenkin, Social Services Secretary, said yesterday in reply to a parliamentary question that average earnings for leadin gand qualified ambulancemen would rise, to about £184 and £166 respectively in London and to £163 and £142 elsewhere, under the terms of the latest offer. The offer is of a rise in basic rates by 7½ per cent and an extra day's leave taken over 15 months for most staff.

The union said the figures were too high and that earnings were boosted by excessive overtime.

Labour Left discovers a new entente cordiale with France

By John Hunt, Parliamentary Correspondent

MRS. THATCHER usually arrives in the Commons with the adrenalin flowing after she has been hobnobbing with foreign heads of state. Yesterday was no exception as she dashed back from Chequers where she had been holding talks with Chancellor Schmidt of West Germany.

But the Labour Party which faced her at Prime Minister's Question Time seemed to have undergone a mysterious transformation since the weekend. After years of bashing the French on every possible occasion, the Left-wingers had suddenly discovered a new entente cordiale in the wake of the French presidential election.

The plot became more and more confused as the events on the other side of the Channel got intertwined with Mrs. Thatcher's monetarist policies and last week's county council elections. Even the roving street gangs of West Side Story were brought into the fray.

Mr. Tim Renton (C., Mid Sussex) was called to order by the Speaker when he started to spout an old French proverb. Translated into English, it turned out to be the rather mundane observation that "new brooms sweep clean," apropos the French election and Britain's Common Market problems.

Cautiously the Prime Minister declined to judge between the personalities of French leaders. The problems of reform of the Common Agricultural Policy and the budget remained and the Government was determined to seek solutions.

Opposition leader Mr. Michael Foot, sometimes depicted as a Robespierre, had more of the Voltaire touch as he thanked Mrs. Thatcher for congratulating M. Mitterrand on "his great victory for Socialism."

Mr. Foot appeared to think that a new enlightenment had taken place in France and that this proved there were real alternatives to policies of mass unemployment — the same message given to the British Government in the local elections here.

Coolly Mrs. Thatcher pointed out that she sent congratulations to anyone elected under a democratic system, including those in West Berlin where socialism had been defeated.

To rub in the message, she recalled that Mr. Andrew McIntosh, who was ousted as Labour leader of the GLC by his own Left-wingers, had observed "the danger to the Labour Party is so great we must expose what is going on. It is gang warfare, just like the Jets and the Sharks."

Mr. Christopher Price (Lab., Lewisham West) thought there was not much logic in the Government's insistence on a 7 per cent pay offer to the Civil Service. But Mrs. Thatcher made it clear that in this matter she preferred Teutonic efficiency to Gallic logic. Only that morning Chancellor Schmidt had told her that his civil service had settled for 4.3 per cent.

From these lofty matters the House turned to the Government's new proposals for payment of benefits—a scheme that has worried many of Britain's 22,000 sub-postmasters.

But here again the Labour Party seemed to have suffered a change of character. Mr. Norman Atkinson, Labour Party treasurer and a leading Left-winger, suddenly appeared as the guardian of the petty bourgeois and denounced the proposal as confirming the "class character" of the Tory Government.

No doubt in France such a scheme would bring thousands of provincial postmasters onto the streets throwing tomatoes and overturning vans. But Mr. Norman Buchan, Labour spokesman, contented himself with the prediction that if the Government continued on its present course it might yet see a mass demo outside the DHSS headquarters at the Elephant and Castle.

Rees defends additional tax relief on gifts

BY IVOR OWEN

IN ORDER to meet its election pledges fully the Government wil lhave to provide relief from Capital Transfer Tax on lifetime gifts which goes beyond that afforded in the Finance Bill, Mr. Peter Rees, Treasury Minister of State, told the Commons last night.

He flatly rejected Opposition charges that the Government was using revenue gained through impositions on the less well-off sections of the community to finance "massive handouts to the rich."

The concession on lifetime gifts is expected to cost the Inland Revenue £2m in 1981-82 and £4m in a full year. Labour MPs called for the rejection of the clause embodying it.

Mr. Robin Cook, who led the Opposition attack, contrasted the concession granted on CTT with the decision to bring unemployment benefit and other Social Security payments into tax for the first time.

He accused the Chancellor of having been "petty and vindictive" towards the unemployed and workers who went on strike while being "warm and generous" to those like the Duke of Westminster, who owned vast and wealthy estates.

"The Opposition believe that at a time when the Chancellor cannot afford to raise thresholds and brings into tax 1,200,000 low-paid people for the first time and puts a new imposition of tax on the unemployed and strikers, it is an insult to those very people to say he can afford this kind of largesse to the Duke of Westminster."

Mr. Cook protested that the clause would lead to dramatic cuts in CTT payments. A very rich couple, able to make a gift of £2m to their children, would be able to secure a tax remission of £445,000.

Mr. Rees accused Mr. Cook and other Labour MPs who argued in similer vein, of acting in "a rather demagogic way."

He declared: "There is no handout to the rich—but some shading by relief of the burdens imposed on them."

He maintained that the cost of the clause was not a very large sum to pay to introduce a small measure of balance ...

Mr. Rees stressed that the relief offered by the clause was far less than the amount which would be required to bring the burden of CTT down to what it was on lifetime transfers when the tax was introduced in 1975.

He described the concession provided by the clause as going a "certain distance" towards the fulfilment of the pledge on CTT included in the Conservative election manifesto.

He accepted that some Government supporters would say that more needed to be done and for that reason, he had already acknowledged that they had a case. The clause was approved by 55 votes (189-134).

Jenkin forced to compromise on monthly benefits plan

BY RICHARD EVANS, LOBBY EDITOR

MINISTERS have ben forced to compromise on a proposal to pay child benefit monthly rather than wekly in the hope of reducing administrative costs.

Mr. Patrick enkin, Social Services Secretary, told the Commons that mothers already receiving child benefit would have "a free choice" to decide on wekly or four weekly payments.

But new claimants after January next year would receive the benefit every four weeks and be given no option unless they received supplementary benefit, family income supplement, or were single parent families.

The compromise represents a climbdown by Mr. Jenkin who had hoped to introduce four-wekly payments across the board. His proposal last December was greeted with a barrage of criticism, however, from those urging a voluntary choice for mothers and from those anxious about the impact on sub-post offices.

Mr. Jenkin estimated that the monthly payment system would show savings of about £m by 198-88. He also announced other changes aimed at improving efficiency which should produce a further saving of about £25m a year. These include direct payment into bank accounts.

Mr. Jenkin argued that his approach struck a "fair balance" between the needs of beneficiaries and the Government's duty to keep administrative costs down.

But *Mr. Norman Buchan*, "shadow" Social Services spokesman, condemned the statement as "nonsensical and illogical." He consider that the forcing of new claimants on to the four-weekly basis was "putting an imposition and genuine hardship on some of the most inarticulate members of our community."

Mr. Jenkin admitted that the changes would mean a drop of about 5 per cent in post office counter business over the next five years, but he claimed this would be more than compensated by a growth of business from other customers.

As a further safeguard, the Government proposed to make available from administrative savings up to £2m over the next five years to help smaller and sub-post offices which were adversely affected if the new business did not grow at the same rate as DHSS business was reduced.

New Lloyd's Bill clause would limit legal action

By John Moore

LLOYD'S OF London, the UK insurance market, has prepared a new clause for its Bill of Parliament for improving the market's self regulation, which restricts the legal action that may be taken against officers of Lloyd's by members of the Lloyd's community.

The clause, prepared in response to criticism by some underwriting members and MPs, was presented to an opposed Parliamentary committee yesterday by Mr. Peter Boydell, QC, representing Lloyd's.

Mr. Boydell told the committee, chaired by Mr. Michael Meacher (Lab., Oldham W), that "this clause is now so limited a restriction that we strongly commend it to the committee."

A wide rading legal indemnity, enjoyed only by the Privy Council and the Crown, had originally been placed in the Bill.

This was withdrawn as a result of opposition and it was later agreed that any indemnity could only be introduced by bye-law with the approval of Parliament.

Now the clause has been placed back in the main body of the Bill, although modified extensively, to satisfy Parliament's wishes that the clause is introduced as primary legislation.

Mr. Peter Green, Lloyd's chairman, was questioned closely during yesterday's hearing by Mr. Michael Mann QC. Mr. Mann represents two Lloyd's underwriting members, Mr. Nick Parker and Mr. John Burrows, who are promoting a Parliamentary petition for major changes to the Lloyd's Bill.

Among the changes they want are a clause saying that insurance brokers will divest themselves of the right to manage Lloyd's underwriting interests.

Mr. Mann quote dextensively from a report prepared by Lord Cromer, who studied Lloyd's affairs in the late sixties.

He said that Lord Cromer had recommended the divestment of underwriting interest from the ownership of brokers, a view reinforced last year by Sir Henry Fisher.

"What did Lloyd's committee do (after the Cromer Report)," he asked Mr. Green.

"It was a small section of the report, and the matter was not pursued," Mr. Green said.

Earlier, Mr. Green had told the Parliamentary committee that Lloyd's wished to ensure that there was separation of brokers from underwriting interests.

"What we are disputing is the means to reach that end," he said.

If measures stopping short of full commercial divestment were intended, he hoped Lloyd's would be able to achieve "effective rules and by-laws in 12 months" of a new Lloyd's council being convened. "Certainly within 18 months," he added.

Mr. Mann quoted extensively from a judgement in a legal case in 1970—North and South Trust Company versus Berkeley—to emphasise the potential conflicts of interests between brokers and underwriters.

"Neither skill or honesty can reconcile the irreconcilable. *Do* you agree?" he asked Mr. Green.

"In the general concept yes," said Mr. Green.

The committee adjourned until Thursday.

Benn call for troops withdrawal heralds campaign on Ulster

BY ELINOR GOODMAN, LOBBY CORRESPONDENT

Benn: Partition was a "crime against the people of Ireland"

MR. TONY BENN yesterday signalled his determination to make Northern Ireland a major issue in his campaign for Labour's deputy leadership and to get calls for the withdrawal of British troops from the province on the agenda at this year's party conference.

In a move he has been planning for several days, Mr. Benn yesterday called for the phased withdrawal of British troops from Northern Ireland, as part of a major new initiative in Ireland.

In their place a UN peacekeeping force might be brought in while the people of Ireland negotiated a settlement among themselves.

In his strongest intervention yet on the question, he effectively endorsed the Left's calls for a united Ireland. The partition had been a "crime against the people of Ireland." The British had no long-term future there as the problem was essentially one for the Irish themselves to solve.

Mr. Benn appeared to be suggesting that a Labour Government should not necessarily feel bound by the guarantees which successive governments have given not to alter the status of Northern Ireland without the approval of the majority of the people there.

Interviewed on BBC Radio, he said he believed there was no future in a policy which hinged on a pledge that left British troops permanently in Northern Ireland and prevented the Irish people from coming together and finding a solution themselves.

Mr. Benn has argued before for a withdrawal of troops, but his call yesterday came at a time when the whole question of Northern Ireland is very sensitive indeed within the Labour Party.

He was strongly opposed to the way Mr. Michael Foot, the party leader, backed the Government over its refusal to concede to the demands of Mr. Bobby Sands, and on Monday night Mr. Benn and Mr. Foot again clashed over the question of political status for hunger strikers.

Now Mr. Benn looks set to include calls for a proper debate on Ireland as part of his campaign for the deputy leadership.

The party is already in the process of evolving a new policy on Northern Ireland. A study group has been set up which is due to report to this year's conference. Other Shadow Cabinet members feel Mr. Benn is trying to pre-empt its conclusions by now putting forward policies of his own.

However, there ars signs that the group may find it difficult to come forward with any positive recommendations on future policy. In the circumstances, Mr. Benn may try to build on Left-wing support among constituency parties for the kind of approach he suggested yesterday.

His view seems to be that the deadlock will not end until a time-scale is established for the withdrawal of British troops. He said yesterday that there was now a very wide feeling that the present policy had "reached a dead end and that the idea of maintaining a standing army in Northern Ireland to maintain law and order without a political initiative has failed, is failed and is likely to fail."

The real question, he said, was not about prison conditions but whether Britain could maintain an army in the province and hope to solve the problem.

"There is a view and I hold it very strongly, that the partition of Ireland was a crime against the Irish people and that the legitimate objective for this country is to bring about conditions where the Irish people can solve the problem elsewhere."

The time had come, he said, when Britain might have to ask the U† to set up an international commission and ask for a UN peacekeeping force. When that force was established, British troops could be withdrawn.

He had been persuaded all his life that the British military presence in Northern Ireland was a major part of the problem. He did not claim to have any easy solution, but insisted that it was essential there was a proper debate on the subject.

Such debate, Mr. Benn claimed, had not taken place before because people had been so nervous they had "huddled around a policy which has in effect failed."

Meanwhile, Mr. Stephen Ross, the Liberal spoeksman, called for an all-party group of MPs to invite senior representatives of Ulster's main political parties to visit the Maze Prison and interview prisoners and staff to see if there was any way of "healing the present impasse."

CBI calls for independent check into dawn raids

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

THE CONFEDERATION of British Industry yesterday called for an independent check on the European Commission's controversial investigative powers to enforce its competition policy.

In evidence to the House of Lords select committee on the European Community, the CBI suggested that an "independent person" should be appointed to oversee the Commission's procedures in enforcing competition.

The European Commission has wide-ranging powers to investigate companies it believes are contravening the EEC competition laws. In particular, the Commission can visit any company's premises without warning, copy documents, and question staff.

Such investigations, known as dawn raids, have been carried out some 12 times in the UK in the past two years. One of the most recent companies to be investigated in this way was ICI in December of last year.

The CBI believes that a senior Commission official should be appointed to make sure such raids are carried out in a "fair and objective way."

But the CBI acknowledges that there is still a need for surprise raids to be carried out to prevent companies destroying evidence of an anti-competitive practice.

SDP plays down poll findings

By Elinor Goodman, Lobby Correspondent

THE Social Democrats yesterday tried to play down the latest opinion poll showing a big drop in support since their highly publicised launch. They insisted they had never placed much faith in polls which showed support for the new party at its highest and by the same token they would not allow themselves to be cast down by the latest findings.

Nevertheless, the poll carried out by Marplan and published in yesterday's Guardian, confirmed the Social Democrats' fears about the difficulty of keeping themselves in the public eye once publicity surrounding the launch had died down.

It showed that if there was a general election now only 10 per cent would vote for the SDP. This compared with 48 per cent for Labour and the 26 per cent who said they would vote Social Democrat at the time of the launch.

British Gas must cut costs

BRITISH Gas Corporation has been told by the Government that it must aim to reduce its operating costs by 5 per cent over the next two years.

Mr. Norman Lamont, Parliamentary Under Secretary for Energy, told the Commons yesterday that the performance objective—part of a new move within nationalised industries—covered the period 1980/81 and 1982/83. The target excluded the cost of gas purchases.

Move to elect peers rejected

Financial Times Reporter

A TORY backbencher's move to allow up to 250 members of the House of Lords to be elected by proportional representation failed in the Commons.

Sir Brandon Rhys Williams (Kensington) was attempting to introduce his House of Lords (Elections) Bill, which would give only elected members the right to vote on legislation.

BMW have never felt that ostentation served any useful purpose.

So this new addition to the BMW 5 Series range doesn't flaunt its additional performance.

Only an aerodynamic spoiler hints at what lies beneath the bonnet: a six cylinder 3.5 litre fuel injected engine, which, in the racing version above, produces 470 bhp.

In this version, developed by BMW Motorsport for everyday use, it develops 210 bhp. So it's in no way being strained beyond its limits.

And without needing the extravagance of 12 cylinders or turbo-charging, it can reach 60mph in approximately seven seconds.

This is not, however, one of those high *performance engines whose sheer brute force* almost bullies you to drive faster than you want to go.

It's perfectly happy to dawdle along through traffic in top. And then, even below 1,000 rpm, it can pull away without snatch or shudder.

Nor is this one of those intimidating machines whose performance is almost unstoppable. For, along with the carefully developed suspension, 10" diameter disc brakes are fitted on all four wheels.

A precaution which results from our conviction that a car's braking should always be faster than its acceleration.

We're also convinced that engineering efficiency rather than just raw performance is the criterion by which any car should be judged.

So we've ensured that the M535i uses up to a third less petrol than those few cars that are as fast.

And that it can comfortably take five people and their luggage, instead of two people and their attache cases.

A fact which prompted the Financial Times, who know a good investment when they drive one, to observe of the M535i "It really does make a nonsense of cramped and nervous supercars costing more than twice as much."

There will, of course, be those for whom the notion of a race bred engine is more than their driving style actually needs.

Which is why the BMW 5 Series offers you no less than five different engines, so you can have exactly the amount of power *that you want.*

And though the performance of individual engines is more restrained, it is never compromised.

The two litre 520, for example, offers you a sophisticated in-line six cylinder engine. Instead of resorting to the cruder configurations that seems to tempt mass produced cars in its class.

Nor, too, is the character of any of the cars in the BMW 5 Series range ever compromised.

Each one remains a driving machine, tauter and more solid than cars whose drivers demand less.

Because each one remains a BMW: a car whose heart is in exactly the right place.

THE ULTIMATE DRIVING MACHINE

THE BMW 5 SERIES STARTS AT £6,985. THE BMW M535i COSTS £13,745. PRICES, CORRECT AT TIME OF GOING TO PRESS, INCLUDE CAR TAX AND VAT BUT NOT DELIVERY OR NUMBER PLATES. DoE FUEL CONSUMPTION FIGURES: M535i URBAN CYCLE: 14.6 MPG (19.3l/100KM), 56 MPH: 32.9 MPG (8.6l/100KM), 75MPH: 25.6 MPG (10.6l/100KM). FOR A 5 SERIES INFORMATION FILE, PLEASE WRITE TO: BMW INFORMATION SERVICE, P.O. BOX 46, HOUNSLOW, MIDDLESEX, OR TELEPHONE: 01-897 6665. (LITERATURE REQUESTS ONLY). FOR TAX-FREE SALES: 56 PARK LANE, LONDON W1. RING 01-629 9277.

TECHNOLOGY

EDITED BY ARTHUR BENNETT AND ALAN CANE

Package software set for boom

BY ALAN CANE

U.S. COMPANIES spent between U.S.$24bn and U.S.$28bn last year creating new computer software or keeping their old programs in good shape.

Only about U.S.$3bn of this was spent with IBM and the independent software houses, giving one measure of the potential market for packaged computer software.

That market in the U.S. is growing between 30-35 per cent a year at present. In the UK it is, if anything, growing even faster because of UK companies' earlier reluctance to use anything less than bespoke programs.

One indicator of the UK software boom is the decision to repeat the prestigious International Computer Programs (ICP) "million dollar" awards ceremony in this country.

High quality

Yesterday evening at the Savoy, in London, a host of software package companies received their due accolade for selling U.S.$50m, U.S.$30m, U.S.$20m and so on worth of tailored programs.

U.S. based companies were in the majority. *Management Sciences America* took no less than 17 separate awards but U.S. companies, such as Allergo with Shadow II, MSP with Datamanager and BIS with Midas featured in the U.S.$20m and U.S.$10m award classes.

According to Mr. Larry Welke, president of ICP, the quality of UK software is high, but marketing is poor.

His opinion is shared by Mr. Michael Hunt, vice-president of MSA International. MSA has been selling its specialised accounting software in the UK only since 1979 but turnover is already £1.2m and climbing fast.

He claims to have found only one UK software company selling the same kind of accounting packages and it was pitching *its prices too* low.

Now, all the major U.S. package vendors are moving in. "We have spent millions of dollars *collectively in* research and development building products," Mr. Hunt points out. "Even IBM will not be able to catch up overnight."

But most software package companies believe that IBM intends to make great strides in package software: "By 1985, IBM will be the only opposition," Mr. Hunt says.

Packages are simply standard computer programs, written to fulfil a defined function. Mr. Welke says they can be recognised by what they do—and by what they will not do.

In other words, if your package lacks a certain function and your software house says it will write it in for you, it is not offering a package at all.

MSA reckons it takes from three to six months to instal an accounting package—most of the time is taken up with *accounting considerations* rather than data processing problems.

"It can take anything from one day to one year for a firm *to decide how it intends to* change its chart of accounts," according to Mr. Hunt.

In the 15 years that he has been listing and classifying software products (ICP grew out of a banking conference where the participants had a room set aside to swap computer programs) Mr. Welke has discerned three principal changes.

- The move to completely standardised products.
- The implementation of a maintenance contract as part of the business deal.
- *The shift to packaging* applications—as opposed to systems—software.

Systems software is the *lists of instructions which* control the computer itself; applications software is the instructions which tell the *computer how* to deal with a particular job—running a general ledger, for example.

Now, systems software *seems to have reached its* peak—the only two products to have broken the ICP US$100m barrier are both systems products—Cincom's Total, a database specialism, and Informatics Mark IV.

Now, it seems to be the turn of the applications software companies. Mr. Welke says, with perhaps justifiable enthusiasm: "It will be gigantic—beyond our wildest dreams."

Market trends suggest that the *bigger companies* will swallow up some of their rivals but that there will always be a place for the tiny entrepreneurial firm specialising in a particular area.

The secret of writing applications software is intimate knowledge of the application concerned whether it be accountancy, quantity surveying or the hotel trade.

No single company can encompass even a *small* proportion of all the necessary expertise. Even the mighty IBM has made a practice of *picking up the best software* written by, or for, its customers.

The software industry is changing direction—there will be rich pickings for those companies which can make the necessary adjustments.

10 LARGEST U.S. SOFTWARE SUPPLIERS

		1980 rank	Total corporate revenue ($m)	% software revenue	1980 software revenue ($m)
1	Management Science America, Inc.	43	$52	92%	$48
2	Cincom Systems, Inc.	49	$37	92%	$34
3	Policy Management Systems	44	$46	70%	$32
4	Pansophic Systems, Inc.	54	$31	100%	$31
5	Applied Data Research, Inc.	52	$37	78%	$29
6	American Management Systems, Inc.	40	$59	49%	$29
7	Software AG of North America, Inc.	58	$28	93%	$26
8	Computer Associates, Inc.	62	$25	100%	$25
9	Kirchman Corporation	53	$32	59%	$19
10	Cullinane Corporation	80	$18	100%	$18

10 LARGEST U.S. FIRMS WITH SP&S

		1980 rank	SP&S revenue (millions)	% of total corporate revenue	Total corporate revenue (millions)
1	International Business Machines	1	$1,835	7%	$26,213
2	TRW Inc.	8	$ 425	9%	$ 4,984
3	Honeywell Inc.	14	$ 205	4%	$ 4,925
4	Sperry Corporation	9	$ 383	8%	$ 4,785
5	Litton Industries, Inc.	85	$ 17	0%	$ 4,247
6	Control Data Corporation	2	$1,036	27%	$ 3,800
7	NCR Corporation	3	$ 598	18%	$ 3,322
8	Hewlett-Packard Company	11	$ 305	10%	$ 3,099
9	Burroughs Corporation	5	$ 590	20%	$ 2,902
10	Digital Equipment Corporation	4	$ 589	25%	$ 2,368

Computer for the Clapham omnibus

ON A wet Monday morning in the not-too-distant future as you wait in the queue for the 8.10 a.m. bus to the station you may be able to amuse yourself with the thought that the vehicle's meanderings are being controlled by a distant computer.

A comprehensive computer software system for public transport operators, designed by computer consultants, Wootton, Jeffreys and Partners (04867 80085) and appropriately named BUSMAN, is claimed to produce crew and vehicle schedules, devise route networks, work out timetables, and provide accurate accounting and administrative data. It can be used by staff with little or no computing experience, the firm adds.

The main claim made for BUSMAN is that it can reduce dramatically the large volume of clerical work involved in the efficient running of a service, giving the user a facility to examine wider ranges of operating alternatives in greater depth and enabling him to deploy and run his fleet more efficiently.

The system is designed for operators with relatively small fleets of about 50 buses and is claimed to cover the four main requirements: operations, planning, marketing, and administration. The operations package *covers the scheduling of* vehicles and crews, including running hours, mileage run by area, timetabling and crew relief rosters.

Planning options include survey analysis tabulations, the definition of routes and services such as express, school and scheduled, and route loading according to time of day and route number.

Marketing staff can select the optimum routes according to the time of day and day of the week, draw up timetables showing routes and arrival times at each bus stop.

Cruel sea beaten by a lick of paint on the bottom

BOATS go faster and save fuel with polished bottoms. The sea, however, is the worst *environment* to achieve this ideal, supporting as it does abundant marine life and corrosion.

The International Paint Company solved both problems—and won the Queen's Award—with a single brush stroke. Its "Intersmooth" underwater coating not only prevents marine life from fouling the hull, it polishes itself to a smoother and smoother finish as the *ship moves through the* water.

The secret is a polymer based paint in which the poisons *which keep the* marine life at bay are chemically bonded to the polymer structure.

The paint is water soluble—but it dissolves at a steady and *predictable* rate. According to Mr. Steve Patterson, head of marketing for International Paint's marine division the graph of the leaching of the poison from Intersmooth is virtually a straight line with time.

This *removes* the chief fault *of conventional* anti-fouling compounds—the loss of virtually all the poison in the first few months.

And, as the polymer is dissolved away, so the hull becomes smoother, cutting friction and enabling higher speeds or smaller fuel consumption.

Mr. Patterson says the company now has a range of three paints, SPC 4, 9 and 20, from which a formulation can be created to suit any vessel in any conditions worldwide.

The length of time between dry docking can be extended from three years to five years using Intersmooth, Mr. Patterson says, arguing that after 18 months the hull of a vessel treated with conventional compounds is so fouled that the penalty can be up to 40 per cent greater fuel consumption.

Intersmooth costs more than conventional coating and takes longer to apply but pays for itself several times over, the company says. It uses a computer based file of performance data about its paint and its competitors to back its claim. More on 0632 696111.

Panasonic moves into a cool airstream

A PORTABLE industrial air-conditioning unit designed to discharge a stream of cool air in working areas where the temperature ranges from 25 to 45 degrees C has been introduced by the special products department of National Panasonic (UK), Slough (75 34523).

Named the Spot Cooler, it can be supplied in *basic form* or with a range of accessories. It has a built-in condenser and is claimed to be suitable for locations where access *is* difficult, or where it is not economical to instal larger and more conventional types of air-cooling and ventilation equipment.

The unit provides both air *cooling, with filtered air* movement, and air-conditioning, with filtered dehumidification and cooling. Flexible ducts carry the stream of air to the area required to be cooled and are claimed to be effective up to a maximum range of 12 feet.

Weighing 49 kg, the unit is designed to be moved around to wherever cooling is most necessary. It is fitted with carrying handles and can be supplied with a matching stand on castors.

Fully assembled, it measures 33 inches by 18 inches by 18 inches. It is plugged into the nearest 13A point and switched on. Power consumption is 4.5A and the cooling capacity is claimed to be 8,000 BTU/h.

A washable air filter is designed to keep the evaporator and condenser free from accumulated dust.

POINTERS

Scottish factory

A NEW FACTORY in Scotland designed to produce carbon fibre from low-cost materials is being promoted by the Stockport-based R.K. Textiles Composite Fibres, which has launched a new company, R.K. Textiles (Scotland), to run the £1m plant.

The factory, situated near Inverness, is being built with financial aid from the Highlands and Islands Development Board. Part of the equity and loan capital *required is being* provided by West Riding Worsted and Woollen Mills, a subsidiary of Coats Paton.

Initially, the plant will produce oxidised fibres. As raw material it will take commercial-grade acrylic of standard textile tow, *although* the process will also accept special-grade tows for producing high-performance fibres.

It is claimed that from next autumn the plant will also have the capacity to manufacture activated carbon fibres, and as more equipment is brought into operation it will be possible to produce high-modulus and high-tenacity fibres for aerospace and other advanced applications.

Oxidised fibre will be marketed under the registered name of PAN-OX. It is claimed that it will offer cheap and efficient replacement for asbestos, a trend already perceptible in the U.S. There it is being used for the production of fireproof materials and such components as aircraft wheel-brake linings.

R.K. Textiles predicts that the use of its product in such applications as heat-resistant protective clothing will be followed by its use in flame-proof cabin-furnishing materials for airliners.

A further development is the production of activated carbon fabrics, which are said to have *absorption properties superior* to charcoal. This application is suitable for absorbing toxic gases, fumes and liquids and in the extraction of precious metal residues from mining waste.

The company is also planning to start on the low-cost production of activated carbon fabrics with an extremely efficient surface area which will have far-reaching implications in the medical and defence fields.

Smooth run

SILENT bar-feeders *designed* to improve the performance of computer numerically controlled bar-turning machine tools and automatic lathes within the 30 mm to 76 mm capacity range have been introduced to the UK by N. C. Engineering, Watford (0923 24396). Named the Super Hydrobar 9 Series, the machines have been developed by the Swiss company, LNS SA, of Bienne.

The essential feature of the Hydrobar system is that the bar runs smoothly and silently in an oil bath.

The 9 Series is a development of the Super Hydrobar and both models have a number of different-sized feed tubes mounted in an outer tube. The *maximum bar running speed* depends mainly on the clearance between the bar and the feed tube and for optimum running speeds a clearance of 2 mm is recommended.

By increasing the number of feed tubes fitted to the 9 Series, thus reducing the difference *between* their diameters, it is said to be possible to keep closer to the ideal clearance of 2 mm (and thus to the optimum speed) for more bar sizes across the total capacity of a particular bar feed unit.

Using the experience gained with the Super Hydrobar, the company has carefully spaced the various tube sizes to ensure improved operation. It is also said to facilitate better mixing of bars of Imperial and metric measurement.

The feed tubes fitted to the 9 Series are made in thicker section metal to provide still smoother working and to minimise vibration.

Pump for range of industries

SELF - PRIMING pumps for moving non-corrosive liquids in a wide range of industries have been introduced by SIHI-Ryaland Pumps, Altrincham (061-928 6371), under the designation UPN.

Unlike a conventional centrifugal pump, the unit can prime the suction line itself after the initial priming with the operating fluid, it is claimed. This is said to eliminate the need for complex float switches, foot valves, pressure switches and additional pumps.

The UPN pump incorporates its own priming impeller to evacuate gas and air pockets from the suction leg.

Claimed to be suitable for refuelling aircraft and for pumping oils, solvents and water, the self-priming pump has a dual air displacement channel in the suction stage which effects optimum air-handling rates without imposing additional radial loading on the *shaft.*

FINANCIAL TIMES SURVEY

Wednesday May 13 1981

Ghana

When it became independent in 1957, Ghana was one of the most prosperous countries in Africa. A succession of military coups and government changes have left the elected administration of President Hilla Limann with an appalling legacy.

Three of Ghana's leaders: from the left: President Hilla Limann, Nana Okutwer Bekoe, chairman of the ruling Peoples National Party and the vice president W de Graft Johnson, at the recent national conference of the party's youth wing.

Uphill struggle for the future

By Mark Webster

GHANA'S SUPERMARKET shelves are bare but in a state-owned Accra hotel champagne is on sale for £36 (Cedis 220) a bottle; outside the capital, petrol is scarce but in the city a new Mercedes sits in a solid traffic jam with one tyre in a pothole; in the local market, traders offer a loaf of bread for more than the official minimum *daily wage.*

Ghana celebrates the 25th anniversary since independence next year with its economy in tatters and its people demoralised. At independence in 1957 Ghana was one of the most *prosperous countries on the* continent but now, eight heads of state and four coups later, it is one of the most depressed.

President Hilla Limann inherited an unenviable legacy when he became Ghana's third freely elected leader in September 1979. In addition to the damage done by successive governments' corruption and mismanagement, the country suffered the brief, brutal reign of the Armed Forces Revolutionary Council led by the charismatic young Flt. Lt. J. J. Rawlings.

The AFRC executed eight senior military personnel (including *three former heads* of state), jailed more than 100 and flogged and beat up hundreds of traders accused of *profiteering.*

President Limann has said he believes the mood of fear following the AFRC revolt was responsible for the lack of rigging and intimidation during the subsequent elections. But the toll of the Rawling's era, on top of successive coups and Government changes since the overthrow of Dr. Nkrumah, in February, 1966, *left the newly* elected Government with a sorry inheritance.

The first task of the new Government was to start the economy moving again after it had practically ground to a halt under the AFRC. Oil supplies, which Nigeria had cut off in protest at the executions, were restored and the Government *began a policy of repaying old* debts and allocating import licences only when foreign exchange was available to cover them.

Such conservative and sensible measures have done a great deal for international confidence in Ghana but nothing for the pitiful lot of the average Ghanaian. Ghanaians refer, only *half jokingly*, to the "Ghanaian miracle" which is how anyone survives on a minimum daily wage of £2 (Cedis 12) when a *loaf of bread costs £2.50 (Cedis* 15): the question of the parallel economy is covered in an article on the last page of this survey.

However, even the notoriously long-suffering Ghanaians will only take so much and the Government has been forced to make concessions which should ease the burden for the man in the street but threaten its longer-term economic objectives. Above all, the decision to raise the minimum wage by 300 per cent last November has widened the budget deficit, further increased the money supply and quickened the inflation rate.

Crucial

Matters have been further *complicated by Ghana's refusal* to devalue the currency in *return* for an agreement with the International Monetary Fund. The Fund sees a devaluation of the heavily over-valued Cedi as crucial to the success of a stabilisation plan for Ghana. The Government replies that the last three devaluations have only made matters worse.

*Without IMF help it is diffi*cult to see how Ghana can break out of its present economic decline. Per capita income in real terms is lower than it was two decades ago, 10 per cent of the people have 80 per cent of the wealth, the principal export — cocoa — is declining, the currency changes hands on the black market at 10 times the official rate, there are chronic balance of payments and budget deficits, net foreign exchange reserves are non-*existent and corruption and* smuggling are a means of survival.

The picture is bleaker still when it is remembered that one third of Ghana's foreign exchange is already being swallowed by its oil bill and, while cocoa prices stay low, terms of trade are bound to be increasingly unfavourable to Ghana. President Limann offers nothing but a long hard slog to put the economy in order—without IMF help the slog might be so long that Ghanaians would not wait.

In its present dire economic straits no one can be sanguine about the prospects for future *stability in Ghana. The military* is so disorganised that it presents no active threat but also so disorganised that some sort of *rebellion along the lines of the* AFRC revolution cannot be ruled out. Flt. Lt. Rawlings, who was "retired" from the Air Force, *has been unusually* quiet lately but he still commands more support than the Government would care to admit.

At the same time, although President Limann is respected for his integrity and *hard* work he has not won the hearts and minds of the people. He has also had some trouble from *within his own People's National* Party which has an overall majority of one in the parliament.

The National Party claims to be the mantle bearer of Kwame Nkrumah's old party, the Convention People's Party, yet it shows none of Nkrumah's fiery African socialism. This has displeased some members of the party. President Limann answers his critics by saying: "Ghana is my ideology. Ghana *and her economic salvation are* my ideology."

The Government, therefore, has no illusions about how hard riding out its present troubles will be. If it can succeed, however, the rewards are great. Ghana still has huge reserves of gold and diamonds, timber and bauxite, as well as a cocoa industry that was once the world's biggest producer.

Ghana has a democratic government, a free press and an open and friendly people with a high degree of education, but it will need considerable help and patience if it is to mobilise these human and material resources. So far, help and patience have both been in short supply.

CONTENTS

Profile of a quiet but committed leader

Today, President Hilla *Limann of Ghana begins* a three-day official visit to Britain — his first outside Africa since he became Head *of State in September 1979.*

His visit is a reflection of the continuing close ties between Ghana and the former colonial power. Even though the relationship between the two countries has changed considerably since Ghana became independent in 1957. Britain remains the country's biggest trading partner. Many Ghanaians still refer to Britain as the "mother country" and expect the British Government to come to their aid in Ghana's present plight.

During his visit, the Presi*dent and his team of senior* ministers will have talks with Mrs. Thatcher, the Prime Minister, Lord Carrington, the Foreign Secretary, and Mr. John Biffen, the Trade Secretary, among others. Ghana would certainly like additional aid but Britain has made it clear that given its own economic problems there will be nothing in addition to the *recently signed £10m package.* However, the Government is likely to encourage such organisations as the Export Credits Guarantee Department to expand their cover in order to promote trade to *Ghana.*

Degree

The President already knows Britain well. The urbane, quietly spoken 47-year-old *studied* at the London School of Economics from 1957-60 where he got his first degree. He then left to *go to the Sorbonne* where he got his PhD in 1965, specialising in political science and constitutional law. While he was at the Sorbonne he also studied for an external degree in history with the London University and obtained his BA in 1964. Following that he began his varied career as administrator, economist and diplomat. He is a man with considerable self-control, working long hours.

Although welcoming and *informal*, he remains a *distant* man even to some of his closest collaborators. Before his selection as the presidential candidate of the People's National Party after the natural contender was banned by law from standing, he had little to do with politics, with the result that he lacks the populist touch. His public manner is stiff and he has no natural power base, either within the party or the country.

At the same time, as well as being hardworking, President Limann is also scrupulously honest. He make no lavish promises, favours no extreme measures, and is deeply committed to maintaining democratic government in Ghana. He also knows that a little help from Britain is not going to produce any miracles at home. He had grey hair even before assuming office, but 18 months wrestling with Ghana's immense difficulties has almost certainly given him a few more.

GHANA II

Smooth waters on the surface but a stirring in the depths

POLITICS

MARK WEBSTER AND PATTI WALDMEIR

AFTER 18 months of a civilian government operating a new presidential constitution, the political scene in Ghana has far from settled down.

But the parliament has not seen the squabbling and rivalry which has beset the new presidential system in Nigeria. The Peoples National Party of President Limann has been able to hold sway with its majority of onei n the 140 seat assembly.

This surface calm, however, masks feverish behind-the-scenes activity both within the PNP and among the five oppo*sition parties which fought the* elections in 1979 with varying degrees of success. All the parties have their eyes on the *1983 elections already and are* preparing their strategies and choosing their leaders for the key post of presidential candidate.

Within the PNP, the biggest upset has been the sudden death of the "founder and father" of the party, Alhaji Imoru Egala. He was the natural candidate for a PNP president but along with a number of other political heavyweights he was banned from standing because of a past finding against him by a commission of inquiry.

Egala was the strongest backer for his kinsman, the then unknown Hilla Limann, and his *death has proved both* a personal and a political blow for the President. It is now up to President Limann to show whether or not he has the stature to replace Egala and unite the party behind him.

Many people doubt that he has the necessary political skill and ruthlessness to fill the gap left by Egala's death. The President is hampered by the fact that he has no natural power base within the party and has relied on a small coterie of tech*nocrats which he has built up* around him. He also lacks the forceful public image of a true *populist who would be able to* win a following among ordinary Ghanaians.

None the less, even his *detractors accept that there is* no obvious alternative to President Limann. His very lack of an evident power base has in some senses proved an advantage to him because he has been able to stay out of the factional in-fighting which has been evident in some branches of the party.

The debate has been over how the party can live up to its image as mantle bearer of the Convention Peoples Party of Kwame Nkrumah. President Limann is noticeably cool on the idea of African socialism and prefers to say that "Ghana is my ideology." but the fight within the party has polarised into three factions.

The most unwavering in its Nkrumahist philosophy is the Kwame Nkrumah Revolutionary *Guard* under Johnny Hansen, and to a lesser extent, the rather shadowy youth wing of the PNP.

The second grouping is the Nkrumah "old guard" who have become rich under sucessive governments. They are led by two wealthy businessmen, Nana Okutwer Bekoe, the PNP chairman, and Kofi Batsa, the PNP publicity chairman. Their *intention is to move away from* those of Nkrumah's policies which are not appropriate to Ghana's present moribund economic state without destroying the myth which surrounds the man.

The final grouping is the technocrats who owe allegiance to the President. Their most prominent thinker is Ivan Addae-Mensah, the party general secretary. In a long and rather confusing lecture earlier this year, called "Limann and *Ghana, the ideological* question," he set out to prove that Nkrumah was a pragmatist.

In one passage, Addae-Mensah says: "*The most urgent assign*ment of the PNP is not the question of ideological purity within the party but to provide *a basis for the achievement of* the immediate objectives of the Government which have been designed in the interest of all Ghanaians, particularly the unorganised, weak and disadvantaged groups."

Though the Limann wing has obtained a certain autonomy in the decision-making process, it relies on the "old guard" for party funds and for their con*trol of the grass roots party* machine which is the main strength of the PNP as it was in Nkrumah's days.

As President Limann attempts to consolidate his own position within the party, the five oppo*sition groups are trying to weld themselves into some kind of* cohesive force. The biggest of the five is the right-of-centre Popular Front Party, led by Mr. *Mr. Victor Owusu.*

Also in the negotiations are the United National Convention of "Pa" Willie Offori-Attah, which ended a coalition agreement with the Government last year, the Action Congress Party of Lt.-Col. Frank Bernasko, the Social Democratic Front led by trade union leader Abdul Mumuni Issefu and the Third Force Party of Dr. John Bilson. They are unlikely bedfellows, given the overtly free market views of the PFP and the avowedly socialist inclinations of some of the smaller parties. Not surprisingly, therefore, negotiations appear to have *stalled already on the* issue of who should lead a united party.

The former AFRC head of state, Flt.-Lt. J. J. Rawlings, has also been sniffing around the political arena, although it is hard to see how he could capitalise on his popular support without the backing of some wealthy and influential friends. He is rather short of those.

The sound of music: young Peoples National Party supporters beating the drum for the party at the congress of the youth wing in Accra.

The President's view: from anarchy to a new order

RECENTLY *President Hilla* Limann gave a wide ranging one-and-a-half-hour interview to the Financial Times of which these are the highlights.

It took place at Peduase Lodge, a pleasant hillside retreat about 20 miles from Accra, built by President Kwame Nkrumah. The lodge shows all the signs of decay which typify modern Ghana, from the peeling paint on the outside walls to the indoor swimming pool without water.

The President enjoys getting out of Accra to the cooler climate of the lodge. A family man, it also allows his five children plenty of space in which to play.

The interview began with a general review of the Government's first 18 months in power.

"We started with anarchy, social distress and social bitterness within society at large. Our immediate problem was to stabilise the situation, to reintroduce law and order. We also had to direct our attention to the material needs of the people. We had spent two months waiting for the handover so we used this time to assess our needs.

"We also had a fuel crisis. So we had to try to undo the blockade on fuel supplies. We had started to make contacts before we assumed office so we were able to restore fuel supplies within two weeks.

"When we started to place orders we found that the country had a very bad name with its trading partners so orders were not being taken up. Even those that were taken up ran into the problem of shipping. Those partners would not believe overnight that we meant business, that we would honour our promises. We actually had to prove that we meant what we were saying. That, naturally, has taken time."

❛ Travellers tell me that people speak much more highly of Ghana. We have managed under very trying circumstances to pay our debts, especially our short-term debts.❜

Q. Has the policy succeeded?

A. "I haven't gone outside *West Africa yet*, but all travellers tell me that people speak much more highly of Ghana. We have managed under very try*ing circumstances to pay our debts. We are trying to pay our* way but it hasn't been easy. It has meant hardship for the public and we appreciate their patience but then again there is really very little choice.

"If there is one thing one can say about the present government, it has managed to absorb things without panicking. We have also been able to absorb false accusations, distortions and defamatory language *without panicking.*"

❛ My attitude is to say that our salvation lies in our own hands. You don't get IMF help to start a garden in your backyard. If you get outside help it should only supplement your own efforts.❜

Q. What hope is there of an economic recovery?

A. "Recovery is very relative in economic matters. Given an economic situation of total destruction, it is very difficult to speak of recovery in facile terms. You cannot reconstruct roads very quickly even if you have the means and we don't have them. Our schools need equipment and some of them need reconstruction, our hospitals and clinics lack drugs, everywhere you look you see evidence of neglect and in some cases total destruction. If all these have to be rehabilitated and we say we are going to rehabilitate them, it needs a lot of money and a lot of time."

Q. How are negotiations pro*gressing with the IMF?*

A. "The IMF and the World Bank have come here a number of times and initially they could *understand us and we could* understand them. I don't think they still do fully understand us. They come with ideas *and recipes which fit very indus*trialised countries and try to advise us to adopt them here. Personally, I have told them *it is not possible.*"

Q. Will you refuse to devalue?

A. "Since 1968 there have been repeated attempts to *tinker with the currency* and every time things became worse. If only the IMF could just remember these things it would *have given us less need to talk* and explain these things. We cannot forget because we had to live them. We cannot forget in *the way they forget.*

"If they will only understand what we are saying we will make progress. But on the whole my attitude is to say that our salvation lies in our own *hands. You don't need IMF help* to start a garden in your backyard. If you get outside help it should only supplement your own efforts.

"What will you achieve (if you devalue)? You will achieve nothing. The first time this was raised I told them that as an economist you devalue to promote exports, but at the moment we are not producing anything to export so what are we trying to achieve by devaluing? It would just be an empty gesture which would cause hardship for everybody with nothing tangible in return."

Q. Is your party really the descendant of Nkrumah's CPP?

A. "Our manifesto picked up quite a lot from the development plans of the First Republic which were drawn up under the late President Nkrumah. But our problem *right now is one of sheer sur*vival, how to live, how to exist. That to me overrides any question of ideology.

"These people who talk about ideology don't know what they are talking about. Marx said man must eat, drink and clothe himself before he can think. Our problem is how to feed people and let them stay alive before they can think.

"Ghana is my ideology. Ghana and her economic salvation are my ideology. That is our main objective."

Q. Has the death of Imoru Egala left the party in disarray?

A. "The late Alhaji Imoru Egala was *lovingly, called the* founder and father of the party and he suddenly dropped dead. So the easiest thing for people to *think up is that the party is in* disarray, but as a party I don't think it has led to disarray. If anything, the very event has forced us to rally together and become much more unified than ever before. It is in the normal order of things that in danger people rally together."

Q. What about moves to remove you as head of the party?

A. "I haven't heard about these moves yet. I think people will never understand our party. Even some people very close to it don't understand certain features of the party. Maybe it's like that with all mass parties. Those who intrigue most, those who lobby most get nowhere and those who don't come out on top. It was the case with my own nomination, I never lobbied anybody, I never asked anybody, but I was asked to lead."

Q. You have been accused of being a lacklustre president?

A. "What creates lustre, money and publicity, unpopular decisions which capture headlines. We have taken unpopular decisions but they are not the sort which capture headlines. If the ship of state is sinking and *everyone is running away from* it, what you need at such a time is not declamations and attitudes which give you lustre. You need levelheadedness, calmness, open-mindedness, patience and an understanding of the problems."

Q. What are you doing about corruption?

A. "Has anybody been able *to substantiate* the allegations of corruption with documentary proof? Corruption is perhaps natural to human beings, perhaps not, but circumstances tend to encourage it. Some people are able to withstand it, a lot of people tend to succumb to it.

❛ If the ship of state is sinking and everyone is running away from it, what you need at such a time is not declamations and attitudes. . . . You need levelheadedness, calmness, open-*mindedness*, patience and an understanding of the problems.❜

"When you have a situation like we have, one of scarcities and unemployment with economic activity at a low level, you are bound to get allegations (about corruption). But people say that since the AFRC period corruption has soared and I tell them they didn't know the AFRC period. Even *when* people were being publicly flogged in the streets, others were being shot, people were doing the same things they were being punished for. For anyone to suggest that it disappeared during the AFRC time, they must be *dreaming.*"

Q. Is it time to review the AFRC's constitutional amendments?

A. "It is something for public debate. We must assess public opinion. These measures were hailed by the general public, *even* the executions were hailed by the general public. It is easy to be sentimental now but one had to be there at the *time* to know the public reaction."

Q. How are relations with Britain?

A. "Our relations with Britain are very good. I keep telling Britain that we expect a lot from her because *historically she* is the mother country and if a child is in need, it turns to the mother. But we recognise the mother is in *difficulties*."

Mark Webster

Disagreement over devaluation

ECONOMY

MARK WEBSTER

"IF A PATIENT is critically ill, after the doctor has made the diagnosis he has to prepare the patient psychologically before administering a heavy dose of whatever he prescribes. If he doesn't, the shock might just kill the patient," said Professor George Benneh, Ghana's Minister of Finance and Economic Planning.

The patient is Ghana, the doctor is the International Monetary Fund, and the treatment includes a stiff dose of *devaluation. The complication* is that the doctor and the patient disagree over whether or not devaluation will provide the cure.

Negotiations are still going on, but the absence of an agreement with the Fund has added to the confusion surrounding the Government's plans for raising the economy from its present morass. There is no longer any discernible medium-term strategy being pursued. Recent *ad hoc* measures, like the huge rise in the minimum wage, have been politically expedient but they threaten to undermine the small, but solid, gains of the administration's first few months in office.

Upheavals

President Limann argues that, caught between growing social unrest and falling export revenues, any drastic action could provoke catastrophic consequences. He has pleaded for a gradual approach to minimise the upheavals of righting an economy which has been systematically plundered by successive governments for more than a decade. In Ghanaian economic law devaluations, while promoting coups, solve nothing and he cites Ghana's three previous devaluations to prove his point.

The pro-devaluation lobby says it is a vital element in correcting distortions in the economy. At the present rates, it costs Cedis 7,000 to produce and market a tonne of cocoa for a world market price of Cedis 6,000; it costs Cedis 50 a carat to mine diamonds which are fetching Cedis 25 a carat on the world market; the timber industry just exports enough to provide its own hard currency needs but does so at a huge loss. Certainly no fresh investment is likely while the Cedi's exchange rate remains so high.

The debate has been complicated by the fact that no one really knows what impact devaluation would have on domestic prices. The Government's decision to allow scarce goods to find their own free market price has meant prices reaching five or six times the official level. The pro-devaluation lobby says that provided there was an increase in the supply at the same time as the currency changed, the overall impact on prices would be minimal.

Whatever the impact of devaluation, there are many people in Accra who believe that the Government has no real alternative but to sign an agreement with the Fund. However, they also argue that Ghana should be allowed to decide for itself when the right political moment comes for such a devaluation. "Ghana is playing Russian roulette with its economy. It should be allowed to decide for itself when it pulls the trigger," said a sympathetic western diplomat.

The Fund, however, appears to be in no mood to take a lenient view. The Government has even accused it of changing its stance while the talks have gone on. "What we need is a few Cuban troops on the border, then we would be considered strategically important," said a Finance Ministry official grimly. Although the IMF is believed to have hesitated a long time on the exchange rate question, it is now determined that it should be included in a letter of intent.

The other performance criteria the Fund is looking for are similar to those in previous agreements and include: reining in credit growth, especially in the public sector; cuts in government spending, including trimming the civil service; increasing interest rates; raising agricultural producer prices; improving the collection of revenue and a substantial change in the external value of the currency.

In return, the Fund might offer an immediate Special Drawing Rights (SDR) 100m credit which Ghana could draw down in four equal tranches after quarterly reviews of the economy. Ghana could then qualify for a $1bn extended fund facility over three years. In addition, the country might get SDR 80m from the IMF's compensatory fund for export shortfalls and a structural adjustment loan from the World Bank.

Nonetheless, President Limann and Professor Benneh remain adamant that devaluation will not be the solution. Their alternative appears to be years of long, hard slog. "You don't need IMF help to start a garden in your backyard," joked the President. "*Ghana will have* to survive with or without the IMF." Such a policy is hardly likely to be a vote catcher in the 1983 elections.

Policy decisions

Despite the official opposition to devaluation, some of the *Government's policy decisions to* date would fit in well with an eventful change in the exchange rate and are likely to have pleased the IMF. Since coming to power, the administration has pursued a prudent policy of allocating import licences in line with economic priorities and in keeping with the foreign exchange available.

New bills have been promptly paid and previous indebtedness gradually cleared. Last year, the Government parted with $53m in scarce foreign exchange for its debt servicing and has reduced the pipeline on outstanding arrears to April 1979. Increasing economic problems mean that the Government may not be able to pay off arrears as quickly as had been hoped but the policy has already done a great deal to restore international confidence.

Short-term debt is likely to remain a problem. It represents $364m of the total foreign debt of $1.4bn. Ghana is more fortunate in its long-term debt ($650m long term and $395m medium term) and debt servicing is below 5 per cent of export earnings, even in the present depressed economic circumstances.

The drawback of such prudent measures is that they have little impact on the pitiful lot of the average Ghanian, indeed, in the short term they can only make things worse. Without an IMF agreement it would take many years of hardship before the economy could even begin to take off and it is doubtful if the long-suffering Ghanians are prepared to wait that long.

It has been to prevent widespread civil unrest that the Government has taken a series of *ad hoc* decisions which threaten to undermine its *achievements.* Since November last year it has increased the minimum wage by 300 per cent to Cedis 12 a day, liberalised the import of goods for anyone with the foreign exchange available and agreed to the distribution of 15 essential commodities through the trades unions and the co-operatives.

The *Government* justifies the liberalisation of imports by saying that Ghanaians working abroad could bring more into the country. But, probably more important in political terms, it filled the shelves and markets just before Christmas last year when goods were bound to be in short supply. The liberalisation has greatly increased the *demand for foreign exchange,* much of it obtained illegally on the black market.

The decision to allow the trades unions and workers co-operatives to distribute 15 essential commodities was the price the government had to pay for averting a general strike called for last month. But it is generally accepted that as the unions *have neither* the money nor organisation for nationwide distribution of goods it is a recipe for catastrophe—and corruption.

The most serious distortions of all are those which will result from the Government's decision on the minimum wage. This decision has added Cedis 1bn to the public sector wage bill—*which already swallows 40 per* cent of total government expenditure. It has also severely damaged the policy of cutting public sector expenditure in order to trim the budgetary deficit to manageable size.

Many of Ghana's past and present problems result from Government borrowing to finance deficits. The efforts of the Akuffo administration and the strange interregnum of the AFRC cut the deficit sharply in 1978-79 and the civilian régime managed to keep the deficit to 23 per cent of budgetary expenditure for 1979-80. However, the wage rise and falling receipts from cocoa have combined to push the deficit for this year to more than Cedis 3bn or 40 per cent of total expenditure.

The Government hopes to finance part of the deficit by floating a Cedi 2bn bond with a 19.5 per cent interest rate. The commercial banks believe that the idea of a floating rate bond is too sophisticated to attract fresh money from private investors and that the funds will come as usual from the *commercial banks and the under*writers of the bond — the Central Bank.

The growing deficit and the minimum wage have already begun to have an effect on the economy. Money supply growth had been slowed to 30 per cent in 1979 after touching 76 per cent in 1978. Last year it grew at *35 per cent for the year* but this year it already shows signs of going through the 40 per cent barrier. Inflation has also begun to quicken after coming down from 117 per cent in 1977 to 40 per cent in 1980.

Government competition for funds would have made life impossible for the private sector but for the fact that foreign exchange shortages have meant industry is functioning at only 25 to 30 per cent of capacity. None the less, the public sector has taken a huge slice of the available lending—at the end of 1979, 83 per cent of the Central Bank's total net assets were government borrowing, while for the commercial banks the figure was 62 per cent.

Shrunk

Given the economic climate in Ghana it is hardly surprising that savings and investment in the private sector are so low. Both savings and fixed capital formation as a percentage of GDP have shrunk from around 20 per cent in the 1960s to only 5 per cent now.

The message which has come across clearly from the IMF and independent economists is that Ghana must adapt to its much reduced circumstances. Until the Government cuts its spending in line with the general decline in the economy, it will continue to have problems making ends meet. The administration's response is that recession is the wrong time to make cuts in a poor country. For example, it says it cannot make cuts in the 300,000 strong civil service — 40 per cent of whom work in the education department — without causing widespread hardship.

Yet in a recent report the World Bank warns: "Unless the expenditure restraint effected in the last two years is kept up and tax revenues rise . . . the country will be faced with an unmanageable fiscal gap." The Government says it agrees with the analysis but adds that it is easier written than done.

No wheels on the wagon: a Ministry of Finance and Economic Planning bus stranded outside the ministry for want of tyres—they cost Cedis 500 to 1,000 on the black market.

BALANCE OF PAYMENTS SUMMARY

($m)

	1975	1976	1977	1978*	1979†
Current balance	17.6	−74.1	−40.2	−49.9	133.0
Trade balance					
Exports	150.4	88.8	130.4	112.7	262.5
Cocoa beans and products	801.0	779.0	970.1	894.6	1,065.6
Other exports	(546.3)	(517.8)	(686.1)	(720.5)	(857.1)
Imports	(254.7)	(261.2)	(284.0)	(174.1)	(208.5)
	−650.6	−690.2	−839.7	−781.9	−803.1
Invisibles (net)					
Services	−132.8	−162.9	−170.6	−162.6	−129.5
Transfers	−177.3	−189.7	−190.2	−217.1	−200.9
	44.5	26.8	19.6	54.5	71.4
Capital accounts					
	106.1	− 70.9	32.7	− 69.0	2.2
Official capital (net)	23.7	7.7	56.7	107.3	104.7
Private capital (net)	45.1	28.3	− 14.3	2.9	− 24.8
Errors and omissions	37.3	−106.9	− 9.7	−179.2	− 77.7
Overall balance	123.7	−145.0	− 7.5	−115.0	153.7
Changes in official short-term external position‡					
	−123.7	145.0	7.5	115.0	−153.7
International reserves	− 79.4	82.3	− 12.3	− 63.9	− 49.1
Current payments arrears	− 32.3	53.9	21.9	167.4	− 90.4
Bilateral balances	− 12.0	8.8	− 2.1	11.5	− 14.2

* Provisional. † Estimate by the Bank of Ghana. ‡ Increase in assets.

Source: Bank of Ghana.

BASIC STATISTICS

Area	239,000 sq km
Population	11.32m
GNP (1978)	£2,214m
Per capita	£202
TRADE (1979)	
Exports	US$1,066m
Imports	US$669.1m
TRADE WITH UK (1980)	
Exports	£104.545m
Imports	£88.511m
Currency	£ = Cedi 6.03
Inflation (1980)	40 per cent
Foreign exchange reserves	US$196.3m (January 1981)

EXTERNAL DEBT OUTSTANDING

($m)

	1976	1977	1978	Sept., 1979
Short-term debt	233.0	244.5	488.6	398.8
Pre-1972 arrears	70.0	67.4	58.2	39.3
Post-1972 arrears	65.0	80.2	329.3	263.0
Backlog of profit and dividend remittances	58.0	57.2	58.9	55.6
Remittances under the Investment Policy Decree	40.0	39.7	42.2	40.9
Medium-term debt	274.7	271.8	379.4	413.7
Pre-1966 suppliers' credits	270.0	269.0	323.2	383.6
Post-1966 suppliers' credits	4.7	2.8	56.2	50.1
Long-term debt	314.9	378.4	497.6	556.7
Bilateral loans from governments	208.6	253.2	288.2	312.8
Loans from international agencies	106.3	125.2	209.4	243.9
Total	822.6	894.7	1,365.6	1,369.2

Source: Bank of Ghana.

Pressures on all sides influence decline

COCOA

PATTI WALDMEIR

AT THE END of last month, some 180,000 tonnes of cocoa—or nearly three-quarters of 1980-81 Main Crop purchases—remained locked up in villages upcountry because of transport problems. According to Alhaji Mumuni Bawumia, the Chairman of the Interim Management Committee of the Ghana Cocoa Marketing Board (GCMB), only 70,000 tonnes of cocoa had come down to port by the third week in April—and local traders say this figure is likely to be optimistic. Last year at that time, the figure had stood at 94,000 tonnes.

Ghana's cocoa industry is caught in a web of inter-related difficulties from which it cannot possibly escape single-handedly. The industry suffers from all the general ailments of the Ghanaian economy. Overvaluation of the Cedi has led to a massive exodus of Ghana cocoa, perhaps as much as 40,000 tonnes per year, which leaves by headload and even articulator to neighbouring hard currency areas. A shortage of foreign exchange has contributed to a breakdown in infrastructure and transport facilities. The industry also has its own peculiar problems, such as a declining crop yield caused by ageing trees and farmers, and a critical shortage of labour.

These factors have combined to cause a serious decline in the industry in the past five years. Between 1975 and 1979, production fell drastically from 397,000 tonnes to 250,000 tonnes and though the 1979-80 season saw a modest recovery to an estimated 290,000 tonnes, this year's Gill and Duffus forecast shows production dropping back again to near 270,000 tonnes.

The quality of Ghana's top grade cocoa has also begun to deteriorate. The limited storage facilities in the hinterland have been found to be inadequate for handling recent huge backlogs of unevacuated cocoa (traders estimate that at least 20,000 tonnes of last year's crop as well remains upcountry). Cocoa purchased by the CMB often waits for months in such inappropriate shelters as the local chief's bed-room, where moths and tropical heat destroy its quality.

Ghana's cocoa has always commanded a premium on the world market because of its consistently high quality, but now reports from consuming areas indicate an increase in the number of claims against Ghana cocoa which go to arbitration. Awards against Ghana must be paid in foreign exchange, which swallows up the accustomed premium, and further depresses foreign exchange earnings from cocoa exports.

Earnings

In 1979, exports of cocoa brought in fully 80 per cent of Ghana's total foreign exchange earnings from export. By 1980, the world market price for cocoa had fallen by an average of almost £500 per tonne (from an average spot price of around £1,700 in 1979 to around £1,200 in 1980) and cocoa exports had dropped back to 70 per cent of total export revenues. Now the industry is under considerable pressure to assume even greater responsibility for increasing Ghana's foreign exchange earnings, in the estimated minimum 8- to 10-year period before the country begins to reap significant benefit from increased gold production. Without an exchange rate adjustment and a substantial infusion of much-needed foreign exchange, or at least a stabilisation of foreign exchange revenues through implementation of the International Cocoa Agreement, the prospects for the industry look grim. As one trader put it: "Even the most optimistic people have practically given up hope now."

The quickest and relatively the easiest, way to give at least a minor boost to the industry would be to implement the producer price rise reportedly insisted on by the IMF as an essential condition for the granting of a stand-by credit. The farmer presently receives about Cedis 4,000 a tonne for his crop, which represents two-thirds of the world price in Cedis (Cedis 6,000) at the depressed rate of exchange. In terms of real purchasing power, though, the farmer's earnings represent under 10 per cent of the purchasing power of the sterling price of £900 a tonne.

Any improvement in the present price of Cedis 120 per headload, though it could not approach the black market price of at least Cedis 1,000 per load, would curb smuggling in marginal areas. It would also provide an incentive for farmers to improve farm maintenance and husbandry, which would significantly increase the present dismal estimated crop yield of roughly 200 lb per acre.

A price rise would also be likely to stem the exodus of farmers away from cocoa toward more lucrative food crops—farmers can now earn, on average, three times more from cultivation of local foodstuffs than from cocoa—and would quieten the angry minority who are threatening to cut down their trees in protest against high costs and low returns.

Producer price

The CMB insists that it intends to announce a rise in the producer price in time for the next season, which begins in October—but it is hard to see where it will find the money to pay for it. Mr. Bawumia argues that receipts per tonne of cocoa sold on the world market equal Cedio 6,000, and that costs of production (including the price paid to farmers and the cost of subsidised inputs) equal Cedio 7,000 a tonne.

Unless the CMB, the largest single employer in Ghana, is able to reduce overheads, or is given substantial additional help from the Government, it is likely to face a severe economic crisis in the medium term. None the less, Mr. Bawumia insists "We need to raise the producer price. Whether the money is there or not we must do it." And the hands of the Interim Management Committee will remain to some extent tied until they are given a more permanent mandate — or replaced altogether—by the creation of the long-awaited "cocoa council."

The other chance of a major upturn in the industry would come from more fundamental improvements in both road and telegraph communications. The CMB has been racing against time to replace washed-out bridges before the rainy season, which has now begun, but was hampered in its efforts by a delay in the supply of nails it needed from the Ghana Industrial Holding Corporation (GIHOC). It has recently managed to replace broken-down vehicles with 67 new Leyland articulators which should ease the pressure on immediate evacuation.

Promise of a pot of gold

MINING

PATTI WALDMEIR

AN OFFICIAL Government report published in January of this year says: "Ghana has the geological endowment to produce gold on a massive scale, probably on the same scale as South Africa and Russia." Though the industry is not taking this claim too seriously, there is little doubt that Ghana's deposits are substantial. The Government is counting on them to finance the long-term economic recovery of the country, especially in view of falling revenues from cocoa.

Earlier this year the Limann Government sponsored an international seminar on gold held in Accra to attract the estimated capital investment of $3bn needed to develop 14 proposed new mines over the next 20 years. Most observers agree that the seminar was somewhat premature and that its timing was largely political. No new discoveries had been made, nor had any new mines been sunk, since before World War II but the Government found the time politically appropriate to draw the attention of Ghanaians away from their unenviable economic plight, and toward a pot of gold at the end of the rainbow.

Since the seminar, the Government has published a new Investment Code Bill which sets out incentives to investors. The Bill proposes a reduction in the minimum state participation in mining ventures from 55 per cent to 45 per cent, and guarantees the offshore investor management, control as long as initial risk capital remains outstanding. It includes tax holidays to cover initial capital expenditure, and a ceiling of 45 per cent on company tax; relief from import duties for equipment and spares; and guaranteed repatriation of capital and profits.

The minerals section of the Investment Code Bill has been criticised for failing to provide adequate tax relief to low grade and unprofitable mines (even mines making a loss would still be required to pay 7-11 per cent of revenues in minerals duty and royalty). It has also been faulted for failing to reduce the prohibitively high rate of personal taxation in Ghana, and for making no provision for production-sharing agreements which would allow investors to avoid costly bureaucratic delays in obtaining foreign exchange for imports.

Participation

By far the most controversial aspect of the Bill, though, is the issue of Ghanaian state participation in mining ventures. Though potential foreign investors are far more worried about the stability of the Limann Government, and distortions in the economy caused by the unrealistic exchange rate, the level of state participation is none the less a contentious political issue. Some Ghanaians, like Kofi Batsa, publicity chairman of the PNP and chairman of GIHOC, recognise that the Government could not raise even 45 per cent of the capital required for a new mine, while others argue that abandoning majority state participation is tantamount to selling the birthright of Ghanaians.

Despite these criticisms of the proposed code, representatives of the major mining companies present at the seminar, and some others as well, have continued to return to Ghana. Though they are definitely interested, however, they do not find the present state of the industry heartening.

The lack of foreign exchange for much-needed spares and machinery has been a principal reason for the decline in Ghana's gold industry. Since 1974, production has sunk from 709,000 fine ounces to only 357,000 fine ounces in 1979. The country's most productive mine, Ashanti Goldfields at Obuasi, works at only two-thirds of capacity—but it is still one of the world's leading gold mines.

Ashanti Goldfields claims to be almost self-sufficient in its machinery — cannibalising old oil drums, for example, to provide roofing sheets. It has also been able to call on Lonrho, the minority partner, for help. Ashanti Goldfields also plans to expand production over the next four years from 20,000 to 30,000 ounces per month. According to Mr. George Cappendell, the managing director, AGC is presently negotiating a loan with a consortium of Swiss banks for all its capital and stores requirements for the next three years.

The three state gold mines belonging entirely to the Government, Tarkwa, Prestea and Dunkwa are, in the words of Lloyd Quashie, chairman of the Government's gold committee "a disaster area." Combined production dropped to 6,300 ounces in February of this year as management disputes disrupted production though one mining expert argues that Tarkwa mine has probably the best long-term potential in Ghana.

The falling price of gold coupled with rising salaries has hit the gold industry hard, and delays in allocation of import licences and transfer of dividends, though less severe than in other sectors, are still a problem. The critical shortage of consumer goods in the country also causes the mining companies to divert precious foreign exchange to the importation of stores rather than equipment.

Smuggling, both from the mines and through illegal panning, is said to be on the increase, and the Government is looking into ways of improving security and providing incentives to the small-scale miner to sell more of his winnings to the state.

A trickle to feed the masses

AGRICULTURE

PATTI WALDMEIR

GHANA'S consumers are caught between the rapid decline in agricultural production and a rising population. A recent World Bank report estimated that food production had decreased 21 per cent between 1970 and 1978 while the population grew 3 per cent annually—one of the highest rates in Africa.

The Limann government has tried to reverse the trend with a two-year crash programme for agriculture announced shortly after President Limann came into office, but the campaign, which was to provide subsidised inputs for farmers, has not yet produced any significant results.

The campaign has fallen victim to Ghana's general problems of poor management and infrastructural shortcomings. Only a trickle of fertiliser products has been reaching the farmers although the season's planting has already begun. Large quantities of fertiliser have been imported but they sit at the port because of a lack of transport to deliver them.

The fundamental problems of Ghana's agriculture are familiar throughout the continent. The drift to the cities has left the farms short of young labour, farming techniques are inefficient, productivity is low, inputs hard to come by and marketing is difficult because of transport shortages and poor roads. In addition, Ghanaian farmers find it more profitable to smuggle their produce across the borders to the hard currency countries of Ivory Coast and Togo.

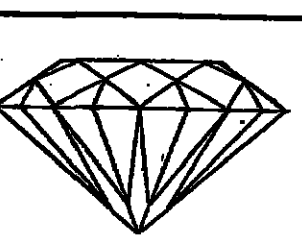
As a result, production of most local foodstuffs has declined seriously over the past five years. For example, plantain production fell from just over 2m tonnes in 1977 to an estimated 832,000 tonnes in 1979.

The farms are producing enough for their own needs but getting food to the urban areas has been an acute problem. Thousands of tonnes of tomatoes were reported to have rotted in the fields of Ghana's upper region last year for lack of transport. The Limann administration, then five months in office, tried to save the situation by airlifting them to Accra—only to find there were not enough crates. Ironically, the government-owned tomato canning factory, built by Kwame Nkrumah, was standing idle 25 miles away because its machinery had broken down.

The bulk of Ghana's agriculture is in the hands of the small-scale farmer. Some 95 per cent of all production comes from farms smaller than 10 acres and 70 per cent from those smaller than three acres. The rest comes from the badly organised public sector farms.

In the case of rice, the Government gives large subsidies for the inputs and tools because increasing rice consumption in the urban areas has made it one of the two biggest single imports — the other is wheat. In addition, the Government operates 11 rice mills with a combined milling capacity of 2m tonnes an hour.

However, the mills run at well below capacity because farmers prefer to smuggle their produce across the borders. The Government mills also produce more cracked and broken rice than the local millers who parboil the rice to counteract the effects of the dry conditions in the rice-growing areas. Nonetheless, the strength of the northern rice-farming lobby in parliament means that subsidised inputs continue to be provided even though the rice never gets to the mills.



DIAMONDS

PATTI WALDMEIR

Ghana's diamond production fell from 2.4 m carats in the early 1970s, to barely 1m carats last year, according to Mr. Harry Parker, managing director of the country's only remaining diamond mining company, Ghana Consolidated Diamonds (GCD), 55 per cent owned by the Ghana Government, and 45 per cent by Selection Trust. GCD mines a fairly large-scale deposit of low-grade diamonds (1¼ carats per cubic metre), at Akwatia.

Mr. Parker attributes the decline to three major factors: an aged mine which is getting to the end of its useful life; restrictions imposed by import controls; and the depressed price of diamonds on the world markets coupled with inflation of local costs.

The Akwatia mine produces approximately 85 per cent industrial, and 15 per cent gem diamonds. At the last sale, GCD's diamonds fetched just over £4, or roughly Cedis 25, per carat. Mr. Parker estimates costs of production to be Cedis 50 a carat.

As synthetic diamonds hold prices down on world markets, GCD is approaching a severe financial crisis, from which it would be difficult for the majority partner to rescue it. Devaluation would help GCD in the short run—but only as long as discipline kept local costs down.

Meanwhile, prospecting is continuing of a large deposit of diamonds in deep ground in another location in the Birim River Valley. The deposit is expected to be of a lower grade than the Akwatia mine. Substantial illegal panning also goes on, with the black market price at Cedi 150 a carat.

Import policy revives confidence

INDUSTRY

MARK WEBSTER

THERE IS a tiny light shining in Ghana's industrial gloom. It does not by any means denote the end of the tunnel for industry's manifold problems but it has helped manufacturers to see the way ahead a little more clearly. The first stirrings of hope in a sector which has had little to be optimistic about in recent years are thanks to the Government's prudent policy of allocating import licences only when foreign exchange can be guaranteed to cover them.

It may not sound much but it is a radical departure from the policy of previous governments who handed out import licences as freely as religious tracts at a revivalist meeting—but the foreign exchange was rarely there to cover the imports. The new policy has gone a long way towards reviving confidence among Ghana's suppliers and has enabled manufacturers to plan their output.

The strict controls on import licences are the first in a series of measures by which the Government plans to put some life back in the near-moribund industrial sector. Apart from industries like brewing and cigarette making, which are important revenue generators for the Government, most industry is running at only 25 to 30 per cent of capacity. The large textile industry is creaking along at only 10 to 15 per cent of capacity.

The policy on import licences will be followed by a gradual reduction in the controls on manufacturing industry, according to Mr. Vincent Bulla, the Minister of Trade. The first stage will be the extension of the validity of all import licences from the present 12 months to 18 months. Already, last year's licences have been extended to this year, particularly to enable manufacturers to import the spare parts and new machinery they need.

Eventually, the Government hopes to remove all restrictions on the validity of the licences when foreign exchange reserves can be built up to enable such a system to operate. The Government also wishes to remove factory gate price control when possible to make manufacturing more profitable. In practice, some industries have already been decontrolled.

Although the Government's policies can be expected to give a little boost to industry, there are still many deep-rooted problems in the sector to be overcome. Ghana industrialised rapidly in the 1960s and there are now some 2,000 registered industrial units which, even in their present depressed state, represent some 17 per cent of GDP. However, the sector is characterised by its heavy dependence on imports and the predominance of consumer-oriented light industries.

In common with many other developing countries, there is little linkage between the industrial sector and the rest of the economy. Although Ghanaian chocolate at Cedis 10 a bar is some of the best in the world, only a tiny percentage of the cocoa crop is transformed in Ghana. There has also been little attempt to integrate the country's resources of bauxite, iron ore, timber or diamonds with the rest of the economy.

The present government has its work cut out in order to correct some of the mistakes of previous régimes. For example, Lever Bros., which has a factory in the Tema industrial area near Accra, has to import all its palm oil even though five years ago it was all produced in Ghana. The Government took over the plantation and its production has virtually ceased.

UAC of Ghana has been facing similar problems and for the first time ever it is expected to declare a trading loss this year. Until now, the more successful of its eight divisions—which cover everything from brewing and textiles to trading—would be profitable enough to support the others. This year, every division has suffered and management does not foresee a real improvement for two to three years.

Despite the problems, only Firestone is pulling out of Ghana. The Firestone decision, which was still being negotiated with the Government two weeks ago, is both a reflection of the group's troubles worldwide and their unhappiness with the Government's importation of tyres to compete with their own which are manufactured locally.

For other companies, the challenge is outlined by Mr. Tony Hickin, deputy chairman of UAC in Ghana. "We see a turnabout in our situation in two or three years time. But it will require of us as of all other firms to adapt our traditional operations in line with Government economic policies, particularly in agriculture. We ourselves are changing direction in that we are trying to work up projects related to the agricultural policy."

The Government incentive scheme for agriculture introduced in 1975 allows companies to repatriate 95 pesewas of blocked dividends over five years for every C1 they invest in agriculture. The UAC investment in oil palm looks like being a success and will start producing later this year, encouraging the company to look at other agriculturally related projects.

UAC has also been asked to consider taking over the management of what used to be their African Timber and Plywood subsidiary in Ghana. Still called A. T. and P., the business has been completely run into the ground since the Government took it over and it will need an estimated three years to get it functioning properly again. A report on the company is now before the President and an answer is expected soon on what the Government intends doing.

The other major problems of industry can be listed quite briefly:

- Outdated machinery.
- The shortage of skilled workers as many have migrated elsewhere.
- Recent national wage rises which have added 35-40 per cent to the wage bill of some companies.
- The difficulties of retrenchment when redundancies are hard to press through government.
- Government controls on the distribution system.
- Poor outside communications such as telex, telephone.
- Infrastructural shortcomings—power, water and roads.
- Heavy personal and company taxation.
- Lack of port security which allows pilfering of imports.

The catalogue of woes in the manufacturing sector is echoed by the commercial houses. The shortage of goods in the country and the greater ease with which price controls can be maintained at the supermarket level rather than in the local markets have squeezed the trading houses badly. Kingsway stores, for instance, a division of UAC, is working at only 15 per cent of its potential.

The trading houses fear that the Government's decision to market a large proportion of the 15 selected items for price control through the co-operatives and trade unions is likely to prove disastrous. The private trading houses have been trying to use rural van sales to get goods directly to the villages without passing through the *kalabule* system. However, they will no longer have a sizable allocation of essential goods once the new system comes into force.

Urgent need to reform state industries

PARASTATALS

MARK WEBSTER

THE HEAVY BURDEN of Ghana's state enterprises is one which the present government could well do without. There are more than 100 semi-autonomous state bodies, covering everything from the utilities and transportation to manufacturing and public relations. With the notable exception of the Volta River Authority, they are badly managed, often corrupt and run at a loss or a marginal profit.

The Government has found it hard to tackle the issue head on. With high unemployment and a generally depressed economy the Government feels it cannot afford to lay off thousands of idle workers and so is using the public sector undertakings as a form of unofficial social security system. But officials recognise that the issue will have to be dealt with eventually.

The picture of the parastatals is almost universally bleak. The state trading company GNTC was described as a "shambles" by one government official and its top management were forced to resign recently over a deal to import Cedi 43m worth of dog collars and watch straps.

At a time when Ghana's food production is critically low and prices at a record high the State Farms and the Food Production Company have been turning in losses—State Farms showed a Cedi 20.4m deficit for 1974/78 and Food Production a loss of Cedi 43.9m during the same period.

Ghana Airways has also been running up substantial losses, partly because of the rising cost of fuel. The tough-minded Mr. Harry Sawyerr, the Transport Minister, provoked a row with Alitalia which has now ended the flights between Rome and Accra for both airlines. His tough stand over the nationalised Black Star shipping line has succeeded in bringing the line almost to a complete halt.

Reform

The man given the unenviable task of trying to reform the public sector industries managed by the Ghana Industrial Holding Corporation (GIHOC) is Mr. Kofi Batsa, a businessman and influential PNP politician. Of the 16 divisions within GIHOC, four have been losing money consistently for the past decade while the others have turned in variable performances.

"It was sometimes painful to see what has happened," he said. "Sitting outside you don't see what is going on but when I got into the place I was shocked to see how state funds could be thrown away." One of his first moves was to place the managers of all the divisions on one-year renewable contracts which would be reviewed on the basis of progress.

He believes that poor management is at the heart of all the troubles in the public sector industries although they have also been as badly affected by the general rundown of the economy.

As an illustration of the general decay in the GIHOC industries, the meat division, which employs 500 people, has nearly 45 per cent of them on compulsory leave with full pay.

Mr. Batsa said he was trying to put together a plan of action to revamp the industries. Approaches have already been made to the Eastern bloc countries, such as Yugoslavia, which provided most of the equipment in the first place. However, it may become necessary to take more drastic action if the persistently loss-incurring divisions cannot be turned round.

Importance of a new framework

INVESTMENT CODE BILL

MARK WEBSTER

WHEN PARLIAMENT resumed sitting on May 5, one of its first priorities was to consider the Investment Code Bill. As a mark of the importance which the Govenment attaches to getting the code right, the MPs were given copies of the Bill before the Easter recess so the subsequent debate would be well informed.

The difficulty the Government faces is to make the code attractive enough to interest investors despite the depressed state of the Ghanaian economy while not antagonising the Left-wing of the ruling Peoples National Party. The code has already attracted criticism for "selling the nation's birthright" from one camp and for not offering enough incentives from the other.

Although the code could always be changed by parliament, it is generally accepted that the balance is correct. It is not a detailed document but something rather more: as one of the members of the committee which drew it up said "a framework within which the investor can come and talk."

When approved it will replace the existing cumbersome legislation of the 1973 Capital Investments Decree and the 1975 Investment Policy Decree, both of wich offer less generous incentives than the new code. The intention of the code is to leave a fair amount of latitude when drawing up individual agreements so that cases can be judged on their merits.

Malaysian

There is nothing radically new in the code, which drew heavily on the Malaysian investment code. It centralises the decision-making process for fresh investment, specifies minimum Ghanaian participation in different sectors and offers a variety of tax holidays and exemptions for new industries.

Critics of the code say that, given Ghana's present parlous economic condition, terms for fresh investment would have to be more generous. In the preamble to the Bill, it is noted that, "it is considered vital to attract foreign investments" and adds that the Government needs "to operate a policy of liberalisation and an open economy and assure to the foreign and Ghanaian investor protection of his investment and a fair return therefrom."

One of the most controversial elements of the code is the percentage which must go to Ghanaians. The percentage varies from a 40 per cent holding for Ghanaians in priority sectors such as agro-industry to 45 per cent for most other industries and a maximum of 55 per cent Ghanaian holding in many consumer industries such as brewing.

Parliament could clearly amend the percentages but businessmen have already expressed doubts about Ghana's ability to raise the finance for such large stakes in future investment. The investment committee had recommended a 30 per cent Ghanaian stake but cabinet had raised the limit because of the political sensitivity of the issue.

As one businessman said: "Perhaps the Government or private investors would be able to raise the money. But will the potential investor have faith in their ability to do so, especially for large scale projects?"

One positive aspect of the Bill which has been praised all round is the formation of an Investment Centre to centralise all decision making on investment. The body would be headed by the vice-president and include the ministers of finance and economic planning, industries, agriculture, lands and natural resources, fuel and power, as well as the governor of the central bank.

Raw materials

The code emphasises that priority will be given to those industries which use local raw materials, are export oriented, employment intensive and train Ghanaians for management positions. It also wants the Investment Centre to take note of the geographical spread of industries.

There are guarantees that the company can bring in all the expatriate personnel it needs to get off the ground and there is provision for the repatriation of personal income, and corporate dividends, fees and royalties. The code adds cautiously, however, that repatriation will depend on the state of the Central Bank's foreign exchange reserves.

There is complete exemption from company tax until all the initial risk capital has been recovered, exemption from customs duties on machinery and spare parts for the first five years and guaranteed management control "*for as long as the initial risk capital remains outstanding and unpaid.*"

The regulations dealing with mining investment have been the most heavily criticised and observers believe the Government will be obliged to review the provisions for it in the code There have been calls from the mining industry to write a guaranteed participation agreement into the code which would allow a proportion of the production to cover the foreign exchange element of operating costs of the venture.

Generally, however, business opinion says that without tackling other disincentives to investment, the code may become a purely academic exercise. They are particularly worried about the inflated external value of the Cedi which makes the introduction of fresh money into Ghana very unattractive. There has also been pressure on the Government to review the personal and corporate tax rate structure.

Scarcity: the mother of exploitation

PARALLEL ECONOMY

MARK WEBSTER

ADJOA QUEUES for a living. The pay is not good but it is hardly a demanding job for the 17-year-old country girl. All she has to do is stand in line with other shoppers to buy scarce commodities at controlled prices from one of the large department stores. The precious bars of soap and tins of milk and sardines are handed through a small window in strictly limited quantities. So queue contractors pay people to line up and buy the goods so they can be re-sold later in local markets at many times the official price.

Nowhere is the ruin of the Ghanaian economy more evident than in the retail sector. At the heart of the trade are the roly-poly market mammies with smiles the size of Rolls-Royce radiators who buy up anything they can on the market and then re-sell it either directly to the Ghanaian consumer at many times the original price or it goes across the border to the hard currency countries of Togo and Ivory Coast.

"I did not know Ghanaian industry produced anything at all until I went to Togo," was the wry remark from a diplomat. The mammies have become adept at exploiting the scarcity of all essential goods and handling the black market exchange rates so that the Cedi changes hands at more than 10 times its official level. Money has become practically worthless to the traders and much of the economy has reverted to barter, especially in the rural areas.

Distorted

The human face of Ghana's grotesquely distorted economy is to be seen everywhere. For a start, no one lives on their salary any more. The honest and the industrious cultivate food in their backyards, some lucky ones have access to goods at controlled prices if their companies distribute them, others encourage their wives to trade, pilfer from their employers or, the most worrying trend of all for Ghana, they turn to other forms of crime.

The practice of charging many times the controlled price is called *kalabule* and it has made life a misery for millions of Ghanaians at the lower end of the wage scale. Last November the Government raised the minimum wage to C12 a day, which is not much when a bottle of beer can cost C18, a pound of meat C20, one finger of plantain C2, a loaf of bread C15 and a big bar of soap C10.

It is jokingly referred as the "Ghanaian miracle" that anyone survives at all. Farmers either smuggle their cocoa across the border or turn to food crops, soldiers do odd jobs, policemen take bribes and even doctors at hospitals, owned and run by the Government, insist on an illegal "consultation fee" before they treat patients.

Corruption has become less a matter of getting rich as of pure survival. At the airport, senior officials offer to change travellers' money into Cedis to avoid exchange control regulations, touts offer to ease the new arrival's passage through the formalities and the going rate for a boarding pass on an over-booked Ghana Airways flight is C50.

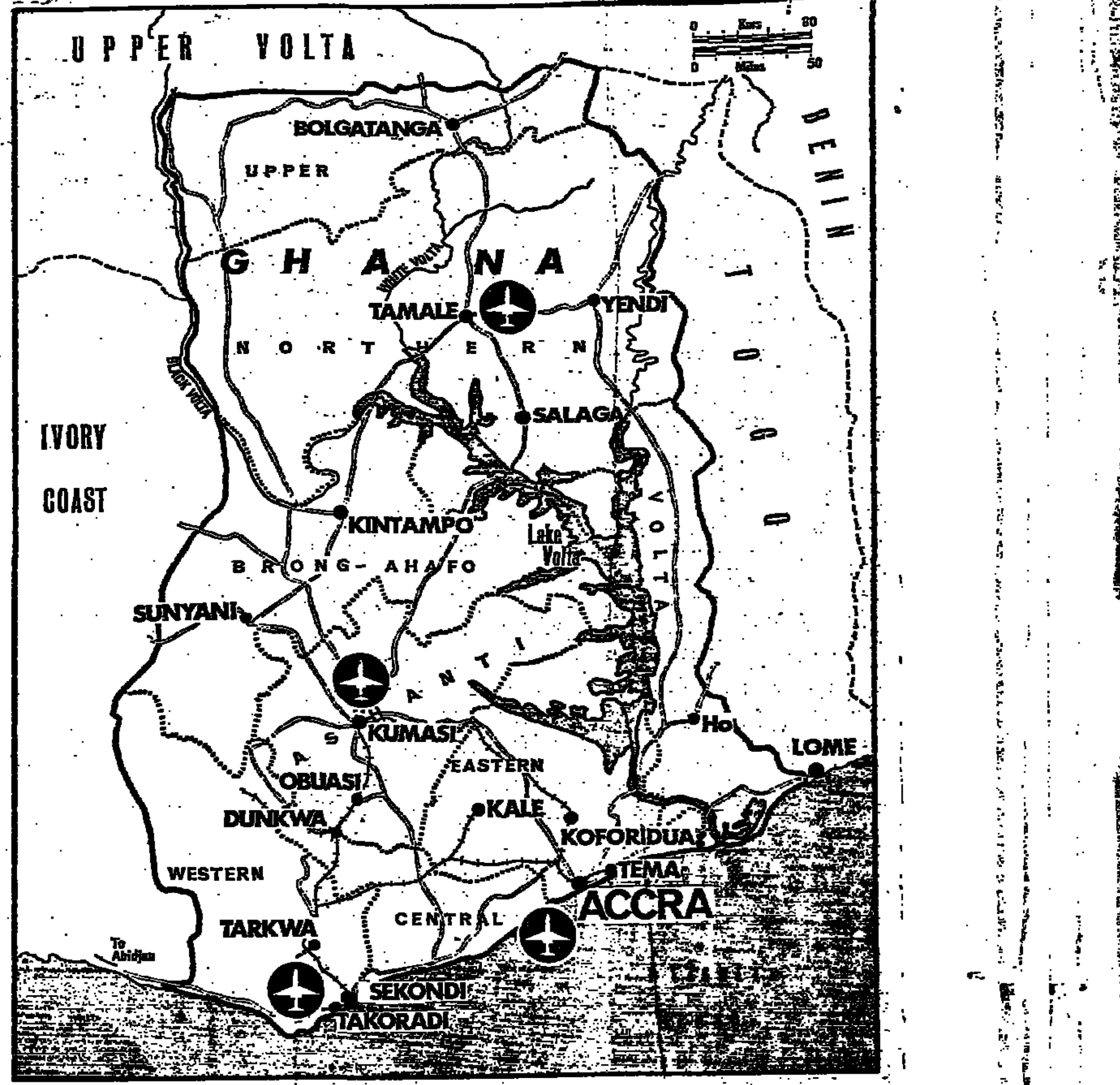
Although things have become desperate for the lower paid, the middle class has also been badly hit. The deputy headmaster of a secondary school in Kumasi, who has been teaching for 15 years, earns half as much as his wife who trades. The transport manager of a Ghanaian company left after 23 years' service to become a taxi driver because he could no longer make ends meet.

Luxury items

The Government's trade liberalisation measures have permitted goods to enter the country without questions being asked but although this has increased the supply of goods, they are often luxury items. On a typical day in the Government-owned GNTC department store almost the only food for sale was Moroccan olives at C98 a tin and tiny cakes at C12 for two. On shelves nearby were hundreds of bottles of whisky, gin and brandy at C120 each. It is not surprising, therefore, that fights threatened to break out at the meat counter where edible cowhide was on sale at C12 a kilo.

Outside Accra, the situation is usually much worse. There are fears of famine in the north this year during these lean months between harvests. It is already usual for a family to eat properly only once every two days — a meal of leaf soup and rice. A bowl of rice is fatching C30 in the market and a sack of millet C1,000. Aid agencies say they are bringing food in — but a lot is being pilfered on the way.

Where statistics on the formal sector of the economy are unreliable, clearly there are no figures on the size of this parallel economy. But as one Ghanaian economist put it: "However big the informal sector is, it undoubtedly has more impact on the lives of the average Ghanaian than anything which appears in the Central Bank figures."



Difficulties of restoring discipline

ARMED FORCES

MARK WEBSTER

WHEN Flt. Lt. J. J. Rawlings handed power over to a civilian government in September 1979, the Ghanaian armed forces retreated to their barracks in chaos. The rebellion among junior officers and the other ranks which brought Rawlings and the Armed Forces Revolutionary Council (AFRC) to power showed the extent to which Ghana's once proud armed orces had disintegrated into indiscipline.

The rehabilitation of the armed forces has proved to be one of the most pressing and difficult issues facing the civilian government. "The task, I must say, has not been easy," said Mr. R. S. K. Riley Poku, the Minister of Defence. "But the President is committed to it and we are doing the best we can in the present economic circumstances."

In his headquarters at the army's Burma Camp outside Accra, the Minister is surrounded by visible evidence of the decay of the armed forces. Even though Ghana was ruled by the military for nearly eight years before the handover in September 1979, the armed forces were severely neglected, they became the object of loathing by the Ghanaian people for being more corrupt than the civilians they overthrew, and recruitment slumped.

It is generally accepted that the armed forces are now well below establishment, equipment is in desperately short supply and many vehicles are off the road because of spares shortages. The Government admits that logistics and training have almost completely broken down, relations between officers and men are strained, discipline is poor and the living conditions in some of the barracks are appalling.

Although the brief, brutal reign of the AFRC is blamed for the present indiscipline within the armed forces, the rebellion was in many ways an inevitable result of the years of neglect by government. The disarray was compounded, however, by the AFRC's policy of indiscriminately beating officers and shaving their heads.

Some of the senior officers were widely known to have profited from the corruption which was and is part of life in Ghana, but the AFRC provoked a rash of resignations among senior officers, many of whom were considered honest. Nearly 200 officers left the services after the handover to civilian rule which the Defence Minister said had brought the ratio of officers to men to about the right level because of the severe lack of new recruits to the other ranks.

Root causes

The civilian government was therefore faced with the short-term problems of neutralising the former members of the AFRC, keeping the armed forces busy and tackling the root causes of unrest within the armed forces. The Government has been given credit for its handling of the former AFRC caucus. Flt. Lt. Rawlings was forced to retire when he refused to go abroad and further his military training, but two other officers—Major Mensah-Poku and Capt. Boakye-Djan—both went abroad.

Getting to the root causes of the unrest within the armed forces has proved more difficult, especially in the light of Ghana's overwhelming economic problems. In February last year, a commission of inquiry was set up under Justice Charles Coussey to look into the whole issue of the armed forces. The two civilians and six military representatives on the commission have carried out extensive inquiries into conditions within the armed forces and have produced three interim reports.

The commission's terms of reference were very broad:

- To look into the terms and conditions of service for members of the armed forces, with particular reference to junior officers and the other ranks.
- To inquire into the practice and theory of the present command structure and determine what favours or discourages stability and discipline within the armed forces.
- To identify the defence needs of Ghana and to discover how the armed forces are organised at present to meet *those needs.*

The interim reports have dealt with the role of the border guards, who are practically useless in their anti-smuggling role, the structure of the armed forces and the job it has to do, and the function of the Ministry of Defence, according to Mr. Riley-Poku.

The final report, which is expected later this year, will take a more detailed look at how to improve the welfare of the members of the armed forces including training, recruitment, pay and conditions. One immediate benefit from the Coussey inquiry has been the pay rise which the armed forces received at the time of the national pay increases last November.

The urgency of the report is evident in a country where the high level of social unrest could give the military another excuse for intervening. Policy makers do not fear another coup led by senior officers, but while discipline remains poor and conditions for the ordinary soldier are bad, any civilian unrest such as a general strike could spark off sympathetic uprisings within the lower ranks of the armed forces, renewing the chaos which followed the June 4 coup in 1979.

With these dangers in mind, the Government has tried to keep the military occupied. Soldiers have been helping to evacuate some of the 180,000 tonnes of cocoa trapped up-country by using their lorries for transport and building bridges to restore communications. The air force pilots are flying their Fokker 28s on civilian internal flights in order to keep communications moving. The Minister of Defence is even toying with the idea of forming a construction corps which would build its own barracks.

Unfortunately, their efforts are hampered by the lack of money available. More than half the armed forces' vehicles have been immobilised by lack of spares and without administrative vehicles to ride around in, troops are still seen around town in army Pinzgauer troop transporters. Such a necessity undermines the Government's determination to give the armed forces a much lower profile.

The Minister of Defence believes that friendly countries should be prepared to give more help to the armed forces. He said his Ministry was anxious to purchase all kinds of non-lethal equipment but would have to do so on soft terms. At present the equipment has been supplied by Britain, West Germany and Italy and is nearly all out-dated.

The British are heavily involved in training the forces, both by running the Staff College and offering training courses in Britain. The U.S. also offers training for Ghanaian officers. The standards are still high, observers say, but young officers can become rapidly disillusioned with an army running on string and prayers.

The hidden costs of litigation

BY ARNOLD KRANSDORFF

LAWSUITS against companies are becoming prolific. Whatever the causes, management must realise that litigation is no longer just a lawyer's problem. Not to take account of possible legal action when reaching a business decision is to take unreasonable risks.

So says one of America's top businessmen who believes that abuses of litigation have eroded productivity and made it tougher to compete in world markets.

John Opel, as president and chief executive officer of IBM, the world's largest business machine and computer company, has had his fair share of exposure in the courts. One trial involving IBM is still in progress 12 years after being filed, and Opel estimates that the company has made more than 71m pages of documents available to plaintiffs during the past decade.

Frivolous and trivial

Opel believes that there is too much litigation—in Federal courts alone the number of cases has doubled over the past decade. Much of it is "frivolous, trivial, without merit and very costly to the parties involved, the courts and the taxpayers," he says. The expenses, he adds, are passed on to consumers in the form of increased insurance premiums and taxes and in higher prices for products.

Writing in the latest issue of Outlook, a quarterly published by management consultants Booz, Allen and Hamilton, Opel says that litigation undermines trust between individuals and organisations.

"Creativity suffers when an entrepreneur decides it is safer to stay with the tried and true than to come out with an innovative product and risk a higher level of liability and a flood of lawsuits. Litigation can also lead to serious delays—delays which may cause major products to be put aside or even cancelled. The delay could involve an important and, perhaps, revolutionary new product . . ."

Opel suggests that if the tide of litigation cannot be stemmed in the U.S., perhaps it could be reduced somewhat and measures initiated to speed up the legal processes.

Among his suggestions is a deterrent to what he describes as "meritless" lawsuits. Many lawsuits are filed, not to correct some injustice or reimburse an injured party, but to enrich the plaintiff, he says.

"It costs only a few dollars to file a complaint—a deceptively easy beginning to what often becomes a tedious and tortuous undertaking.

"There is no meaningful penalty for filing a meritless lawsuit, however flimsy and speculative."

Opel suggests that an effective deterrent to unnecessary legislation might be the requirement that people or organisations who press a nuisance suit and lose would have to pay not only court costs, but also the defending side's legal fees. The judge or jury could be empowered to "determine whether or not there is sufficient reason to hold a plaintiff responsible for the defendent's costs."

Opel also suggests that a lawyer's contingency fees should be eliminated—or at least limited. "Instead of represinting a client for a percentage of the spoils, a lawyer might agree to charge, say, up to but no more than five times his usual fee. His willingness to take a case at such multiples of regular fees then would be a measure of his true beliefs in its merits."

Outside the courts

He also urges that greater use be made of mediation and arbitration services. "Minor citizen/business disputes — those where no novel legal issues must be decided—probably can be resolved through mediation and arbitration outside the courts by doing away with many of the time-consuming procedures associated with the court processes."

Opel also suggests that, in certain cases, the legal process could be accelerated by putting the issues and facts before a judge instead of a jury. "There is a cogent argument that trying a complex case before an uncomprehending jury is a denial of due process."

Opel's other suggestions include limiting product liability suits, restricting treble damages and taking steps to end the right of either party in a lawsuit to search through the other's files for possible evidence.

Plugging into a market gap

Nicholas Leslie reports on the progress of an award-winning small company

In the present recession, small companies are constantly being upheld as potential saviours of the economy, their role being crucial to the eventual upturn. A wide variety of financial institutions has come forward over the past two years with schemes to back smaller companies and the Government has introduced measures to make it easier for this section of the business community to flourish. Yet the problems still persist. Notable among these is the difficulties small firms face finding suitable premises while coping with the effects of taxation. VDU Installations, a new but expanding small company, provides an illustration of this predicament.

BERT and Rita Battersby are this morning savouring the delight of knowing that their small company is £10,000 better off for having yesterday won first prize in an "industrial achievement" competition. It is a sum of money that can make a crucial difference to the rate of growth they may expect to achieve in the next few years.

The one thing, though, that might just be taking the edge off their enjoyment is the niggling worry that the prize money may eventually have to go towards paying what, for their company—VDU Installations—would be a hefty tax bill. For the Battersby's company, which provides a specialist service for connecting computers with VDUs, teleprinters and other peripheral equipment, is nicely profitable, even though it was formed only four years ago.

Indeed, it is the very attributes that have gone into the creation of their healthy business that prompted the judges of the "Industrial Achievement Award" to settle finally on VDUI as the outstanding company.

The competition, which has been jointly sponsored by Bowmaker, the financial services subsidiary of the C. T. Bowring insurance group, and Development Capital, in association with Accountancy, the journal of the Institute of Chartered Accountants, was set in motion just over 18 months ago. Since then, there have been 10 heat winners, each featured monthly in Accountancy.

VDUI won the eighth heat, joining other winners ranging from a small concern marketing crabs (and which had to develop a special storage tank to keep them alive), to a company making equipment for detecting underground services, such as gas and electricity pipes and cables.

The award judges, headed by Sir Monty Finniston, settled on VDUI as their overall winner because they felt it had "displayed exceptional qualities as far as its return on capital, added value and profit growth were concerned." Additional factors were its ability to discern a market gap and fill it, its determination to grow in a controlled fashion and the "clearly demonstrated team effort which was involved."

So why should VDUI have a potential corporation tax problem? The answer, according to Rita Battersby, has arisen because of her, and her husband's, natural caution and belief that any company should expand within its means and avoid overtrading. Having followed this tenet religiously they have a company which in its first year, 1977-78, lost £191 on sales of £14,823, turned in a profit of £21,000 on sales of £115,099 in 1978-79 and earned £30,283 on sales of £339,147 in 1979-80. In the first half of the current year to August, 1981, sales have soared to £329,000.

Negligible

This has created the need for more manufacturing and storage space, than is available in their headquarters in the picturesque village of Windlesham, in Surrey. "We can buy a new building and wipe out our tax problem," says Rita Battersby, "but you try doing it."

They can't find land to buy and if they purchase an established building the residual allowance is likely to be negligible. A factory which would have been ideal for them to set up a workshop for making up panels, assemblies and other prducts would have meant an outlay of over £150,000 but a tax allowance of only £12,000 or so.

Of Government attitudes to small business Rita Battersby remarks: "We've done everything that Maggie said we should. We've got determination and we've got the skills. We've created jobs and now employ 19 men." Yet, she adds, "we're still waiting for the incentives."

What about moving to a development area, like Wales? No good, says Bert Battersby, since their business still largely exists around London and they are also well positioned to service their customers and to strike out around the country and pick up new business.

This dilemma that faces VDUI is Rita Battersby's "hobby horse," says her husband. And it is certainly one about which she argues with vigour, throwing in the odd remark about the tax system "encouraging people to drive around in Rolls Royces" rather than investing profits back into the business.

VDUI began as an idea in Bert Battersby's mind seven or eight years ago, when he realised the extent of the problems that could arise when companies installed computer systems with various types of peripheral equipment. Generally, the executive sanctioning the order for his company was not fully aware of the significance of the equipment, nor of the installation headaches that could arise.

Also, while most companies had software specialists — that is people to write the programmes to be used on the computer — they did not have hardware experts to decide how a system should be put together. Installation and connection was therefore frequently farmed out to electrical contractors who were unaware of those types of cable and connectors most suitable for different systems, says Bert Battersby.

Battersby's background was ideally suited to knowing what should be done. For ten years he worked for the Post Office on the telecommunications side. Subsequently he spent 13 years with IBM (a very good company, he says, where he learnt "an awful lot" about business and management), latterly as a senior specialist in its general systems division.

Despite sounding out various people with his concept for a specialist business to fill the gap he had spotted, he could not get anyone interested in taking up the idea. Eventually, after his wife had been saying that she wanted to get back to full-time work — she had not done so while bringing up their two daughters, now 14 and 16 — he suggested that she should have a go at getting a business based on his idea off the ground.

It was an idea that appealed. Rita Battersby is clearly someone who enjoys a challenge — "I suppose I like to win" she says — and she had had some previous business experience when she set up an employment agency for a friend several years ago when they lived in the North. With that experience behind her, the prospect of a business of their own was attractive.

So, in July 1977 she took up the challenge, beginning what was subsequently to become a working pattern of 18-hour days for the two of them. Both were doing two jobs, she working full time to get the company off the ground, but also doing some outside accountancy work in the evenings (she had taken accountancy at college), while he was providing technical input while still working full-time at IBM. It is a work rate that frequently still persists.

So how did they go about getting the business? By writing individual letters to a lot of companies and certainly not by making do with a standard photostat letter, according to Rita Battersby. British Sugar was the first company to become a customer as a result and it has since been back for repeat business on several occasions.

Security

VDUI, with a £100 share capital, was initially funded out of Bert and Rita Battersby's own earnings and although it meant that they had to keep very tight control on their cash flow it has enabled them to set VDUI on its feet without their having to resort to a loan and put up their house as security.

Since both have been running the company the expansion rate has increased substantially and, while the core of VDUI's business has been built on financial institutions and other companies in the City of London, more and more orders are now coming from other areas of the country. Customers include such names as Esso, Air Products, BOC International, Hambros Bank, Sainsburys and, not surprisingly, IBM.

Bert Battersby is able to keep abreast of the technical changes that are constantly taking place among the computer and computer peripheral manufacturers because they are very co-operative, he says. Virtually all of them are happy to keep him up to date, while at the same time co-operating in other ways, such as verifying specifications in some of VDUI's more intricate contracts.

Their business is developing in two ways. For certain installations they can give advice over the phone to companies organising their own installations, and supply the requisite cable and connectors by mail order. Also, VDUI does a lot of the installation itself using bought-in equipment, but increasingly using components it makes itself for specialist systems.

Controlled expansion means that VDUI knows the level of business it can handle over each year; it therefore puts in forward orders to its suppliers for a year ahead. This has enabled VDUI to hold its prices in cables for this year and, according to Bert Battersby, it should mean it can do so next year.

Having established their credibility, Bert and Rita Battersby are gradually enjoying the benefits that go with it. For example, at the outset of the company, it was strictly cash with order when cables and other materials had to be purchased. Now they are offered good credit terms. And since gaining some publicity (they have never advertised, though, since this may well have generated more business than they could have handled) more of the big cable and component suppliers have knocked at their door. Their credit rating at the bank has gone up substantially too.

Trevor Humphries

Rita and Bert Battersby: "the tax system encourages people to drive around in Rolls Royces rather than to re-invest their profits"

Need for change in engineering

BY HAZEL DUFFY

NEXT MONTH will bring celebrations on the bicentenary of the birth of George Stephenson, an engineer who is known to every schoolchild along with other heroes of Britain's past. It could, perhaps, provide a fitting occasion for reflection on the status of the engineer in Britain today, particularly in the light of the Government's protracted efforts to set up an Engineering Council.

Divisions

Another attempt will be made tomorrow to reconcile the differences between the employers (supported in the main by the academics) and the professional engineering institutions on the form and functions of the proposed council. It will fall to Sir Peter Carey, permanent secretary at the Department of Industry, to perform a healing job where everybody else—including Sir Keith Joseph—seems so *far to have failed.*

The details of the divisions are obscure to most people, including the vast majority of engineers who belong to the very institutions that claim to be defending their interests. They boil down to the fact that the institutions, many of which are long-established, do not want to yield up their limited powers and influence to a Government-appointed body.

Valued

Change for change's sake is not necessarily a good thing. But most people connected with engineering are in agreement that the profession has long been in need of a boost, including those very same institutions who seem to have done their best to wreck the Government's plans.

It can be argued, of course, that just because the Industry Secretary appoints between 15 *and 20 people to a body that is* to be set up with a Royal Charter, the future for engineers will not suddenly be transformed. Sir Monty Finniston, who chaired the committee of inquiry into the engineering profession, felt it would take the best part of a generation to change fundamentally attitudes in Britain towards engineering.

The alternative, however, is to leave things much as they are today, and that, in a country which fails to recognise the contribution that engineers make to the economy, is just not good enough. While there will be progress towards making engineering a more valued occupation—several universities, for instance, are offering courses that will produce the sort of engineer who is needed by industry—a much greater impetus is called for to ensure that such standards are more widely applied. Even the better institutions have proved themselves unable to provide this type of motivation, while their proposals for a new body which would be dominated by people of their choice offer little prospect of much improvement.

Compromise

The pity is that Finniston's recommendation of a statutory authority has been so compromised by almost everybody who has been invited to participate in the negotiations towards setting up the alternative chartered body, starting with Sir Keith. He did not want to be seen to be setting up another quango when his Government was rapidly dismantling them. But nor did he want to be seen to reject completely a report which, as far as one can judge, was welcomed by a very large number of professional engineers.

The outcome so far has been an uneasy compromise in which the original issue—the need to rejuvenate manufacturing industry by stimulating "the best practice of engineering" — has degenerated into an unseemly wrangle on the part that would be played by the institutions.

Inspiration

The institutions do not have the resources or the standing to provide the necessary inspiration, as some more progressive members were initially prepared to concede. The Government's plan, backed by the employers, may not be as far-reaching as Finniston wanted, but it is very much better than nothing. If the institutions don't like it, Sir Keith should go ahead without them.

The case for the promiscuous primrose

GARDENS TODAY

BY ROBIN LANE FOX

PRIMROSES, the authorities insisted last week, are not to be planted on London's Primrose Hill. Apparently, they do not belong there. This is all *the sadder as they have* been the brightest spot in this difficult spring.

Last year, they had the heavy rain which they enjoy. Their close relations, the cowslips, are thicker than ever in the few fields which are not farmed heavily. I can never have enough of them, though there are gardners who feel that neither plant looks right along the edge of a flower bed.

I would like, however, to put in a word for the authorities' decision. Primroses are not at all the innocent beauties you might imagine. As they start to set seed this week, their habits and problems can be followed with interest.

Cowslips and primroses have two different patterns in their reproductive parts. Nobody understood how or why, until Darwin picked up the topic and settled it by experiment. You can check the results for yourself in the next few weeks. Their flowers have the familiar pair of stamen and pistil and have *to transfer pollen* from one to the other. Some flowers have a long pistil, but keep their low stamens way beneath it, near the base of the flower. Others have stamens way up at the top of the flower while the pistil is short and lodged in the throat.

This double arrangement makes the passage from one to the other quite difficult, and first Darwin followed the obvious view, that the shortened pistils and stamens were dwindling away and that over the centuries the primrose was trying to give up being bisexual. Had he been right, our primroses would soon have to be planted in groups of the opposite sex if any seed were to emerg Evn without the authorities, the primrose would have found it very much harder to spread.

In fact, the truth turned out otherwise. Pollen from the short stamens was lifted out and put on the short pistils of a separate flower. So far from dwindling, the reproduced lavishly and set many more seeds than any other crop. If you want a good crop of primrose seed, look for a plant whose flowers are short in the pistil and mark them for inspection in a few weeks' time. If they have been dusted from short stamens, they will give the best crop of all.

Popular botany distinguishes the two types of flower, the long *pistil* being known as the pin, the short one as the thrum. Cross a pin's pollen on to a thrum and your primrose will be sexed to the best advantage. This variation is constant and ever-present. It must have begun in order to help cross-pollination between flowers and to assist the extraordinary variety with which the primrose family still delights us.

Insects already had an inkling of Darwin's truth and meanwhile, those innocent flowers have the liveliest sex life in the garden. They mate with themselves but prefer, of course, to mate with each other. "The two forms," wrote Darwin, "were perfect hermaphrodites but bore almost the same relation to one another as do the two sexes of an ordinary animal." He rated the discovery as the most satisfactory of his life.

The powers on Primrose Hill do seem to have a point. Primroses in Soho might be lost in like-minded surroundings, but they are not at all the sort of flower one would like to discover north of Regents Park. Those sterile floribunda roses were carefully chosen for Queen Mary's rose garden. Free-seeding primroses would shamefully lower the tone.

Those of us with more nerve will continue to enjoy them and their relations in our gardens. This month is your chance to see the best of them, especially in Scottish gardens, above all the Botanic Gardens in Edinburgh which houses some of the most enviable forms of primula from the Far East.

To please these rarities, you must have an acid soil, good drainage and a damp, Scottish climate. Among the easier sorts, I am particularly fond of the one called Involucrata. It is willing to grow wherever there is enough water to keep it damp throughout the summer.

Although it is at home in the Himalayas, it has no problems in a wet English winter and its glossy green leaves will not need the shelter of a pane of glass. Unusually, it sprouts freely from seed. Few gardeners know it, but its stems carry heads of pretty white flowers which are scented very sweetly. If you have a damp garden and dig peat round its seedlings, you should be delighted with it, over the years.

The most impressive companion for it is the so-called Himalayan cowslip, sold as Primula Florindae. Good plants of this beauty are offered by Beth Chatto Nurseries, White Barn, Elmstead Market, Colchester, where they grow on a damp soil, their favourite conditions. When happy in a wet place, they send up stems some 3 feet high, whose pale yellow bells droop prettily in bunches.

They appear in July, long after the common cowslip season, and run to lovely seed heads which are powdered with a green flour. In wet Scottish gardens, these cowslips are spectacular accompaniments for high summer and bring new life to those damp beds which peak too quickly in spring. I remember an inspired planting among the arching stems of the Venus Fishing Rod, or Dierama, whose red-purple wands of flower show up freely in similar wet places. Big grey-green hostas gave background to these two sorts of arching flower and made a planting for high summer which I would long to imitate.

The primrose and cowslip relations come in all shapes and sizes over the next few weeks and you should watch out for the best reds and oranges, the clear salmon pinks and white-eyed yellows, whenever you go

visiting to see our big garden rhododendrons in their full flush of flower. On dry soils they are hopeless; on Primrose Hill, no doubt they would still be unwelcome, but I envy them all and urge you to try them from freshly-saved seed, sown promptly in light compost which is not allowed to become too hot or too dry.

They may not have the promiscuity of the common primroses, but they are very obliging from a packet if you give them what they enjoy.

Kalaglow should not be deserted

RACING

BY DOMINIC WIGAN

NOTHING WAS done by Clear Verdict to advertise the form of Newmarket's Heath Stakes *when this horse made little impression* in the Derby Trial at Lingfield on Saturday. However, his conqueror at Newmarket, Kalaglow, could do no more than win in a hack canter on the Rowley Mile course. Backers will be ill-advised to desert the Sussex-trained colt at York today.

The Guy Harwood-trained second favourite for the Derby, who is yet to be beaten, proved himself a top-class juvenile with wins which included a cleverly gained success in the Horris Hill Stakes. According to his trainer he is now better than ever. Although Kalaglow did not land the Heath Stakes "by half the track" as forecast by Harwood, he could undoubtedly have won by an *extremely wide margin.*

In this afternoon's £40,000-added Mecca Dante Stakes Kalaglow should prove too speedy for Centurius and Robellino as he bids for his seventh success.

Grundy's full-brother Centurius will I suspect fail to confirm Epsom superiority over Robellino, for when they clashed in the Blue Riband Trial Sherga's stable-companion looked considerably more forward than the Kingsclere representative. In addition, Robellino, beaten there by a neck only, reopposes on 5 lb better terms.

Willie Carson, without a mount in the Group II Derby Trial and not yet committed to any of Hern's entries for the Classic, looks to be the jockey to be on in the day's other valuable prize, the Hambleton Stakes. The champion jockey's mount in the mile handicap is the leniently treated Seven Hearts.

An ultra-consistent performer who has been placed on his last nine appearances, the chestnut Some Hand horse will be all the better for a recent run. He is preferred to Greenwood Star.

Two other sound-looking propositions on an afternoon which saw four winning favourites a year ago are Tachywaun and Bustellina.

Tachywaun goes for the opener, the Scarborough Stakes, and Bustellina, who won handily in the North, runs in the Derwent Handicap.

The top weight for the Derwent, Unbiased, won comfortably at Newmarket last month. However, she has done poorly since.

YORK

2.00—Tachywaun***
2.30—Royal Revenge
3.00—Kalaglow**
3.30—Seven Hearts*
4.00—Bustellina

TV/Radio

† Indicates programme in black and white

BBC 1

6.40-7.55 am Open University (Ultra High Frequency only). 10.00 For Schools, Colleges. 11.25-11.37 You and Me. 12.05 pm For Schools, Colleges. 12.42 Regional News for England (except London). 12.45 News. 1.00 Pebble Mill At One. 1.45 Bagpuss. 2.01-3.00 For Schools, Colleges. 3.55 Regional News for England (except London). 3.55 Play School (as BBC2 at 11.00 am). 4.20 Hong Kong Phooey. 4.30 The Enchanted Castle by E. Nesbit. 5.00 John Craven's Newsround. 5.10 Wildtrack. 5.35 The Amazing Adventures of Morph.

5.40 News.
5.55 Nationwide (London and South East only).
6.20 Nationwide.
7.00 Tom and Jerry.
7.15 The Wonderful World of Disney.
8.00 Terry and June.
8.30 Lena, starring Lena Zavaroni.
9.00 News.
9.25 The Risk Business.
10.00 Sportsnight.
10.50 Paperbacks.
11.25 "We Had Some Happy Hours," by Henry Livings.
11.55-12.00 News Headlines.

All Regions as BBC1 except as follows:

CYMRU/WALES—2.18-2.38 pm I Ysgolion. 5.55-6.20 Wales Today. *7.00 Heddiw. 7.30 Cwlwm* Sl. 8.00-8.30 Three Girls for Europe. 11.55 News Headlines, News and Weather for Wales.

SCOTLAND — 12.40-12.45 pm The Scottish News. 5.55-6.20 Reporting Scotland. 6.20 A Party Political Broadcast by the Scottish National Party. 6.25 Join BBC 1. 11.55 News Headlines, News and Weather for Scotland.

NORTHERN IRELAND—3.53-3.55 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 11.55 News Headlines, News and Weather for Northern Ireland.

ENGLAND—5.55-6.20 pm Look East (Norwich); Look North (Leeds); Look North (Newcastle); Look North West (Manchester); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth).

BBC 2

6.40-7.55 am Open University.
10.20 Gharbar.
11.00 Play School.
4.50 pm Open University.
6.55 Take the Mike.
7.25 Mid-Evening News.
7.35 Did You See . . . ?
8.10 The Electric Revolution.
9.00 Rhoda.
9.25 Private Schulz.
10.15 Personal Pleasures with Sir Hugh Casson.
10.45 Newsnight.

BBC 2 Scotland only—11.35-11.40 pm Party Political Broadcast on behalf of The Scottish Nationalist Party.

LONDON

9.30 am Schools Programmes. 12.00 The Munch Bunch. 12.10 Rainbow. 12.30 About Britain. 1.00 News, plus FT Index. 1.20 Thames News. 1.30 Crown Court. 2.00 After Noon Plus. 2.45 Racing from York. 3.45 Play It Again. 4.15 Aubrey. 4.20 How. 4.45 Into the Labyrinth. 5.15 Mr. and Mrs.

5.45 News.
6.00 Thames News.
6.25 Help!
6.35 Crossroads.
7.00 Where There's Life.
7.30 Coronation Street.
8.00 The Benny Hill Show.
9.00 One in a Thousand.
10.00 News.
10.30 Mid-Week Sports Special.
12.00 Barney Miller.
12.25 am Close: Sit Up and Listen, with Enoch Powell.

All IBA Regions as London except at the following times:

ANGLIA

1.20 pm Anglia News. 6.00 About Anglia. 12.00 Preview. 12.30 am The Big Question: Whether television shapes our ideas and behaviour or simply reflects it?

ATV

1.20 pm ATV News. 5.15 Square One. 6.00 ATV News. 6.05 Crossroads. 6.30 ATV Today. 12.00 ATV News.

BORDER

1.20 pm Border News. 5.15 University Challenge. 6.00 Lookaround Wednesday. 6.30 Party Political Broadcast by the Scottish National Party. 12.00 Border News Summary.

CHANNEL

1.20 pm Channel Lunchtime News, What's on Where and Weather. 5.15 University Challenge. 6.00 Channel Report. 10.28 Channel Late News. 12.00 News and Weather in French, followed by Epilogue.

GRAMPIAN

9.25 am First Thing. 1.20 pm North News. 5.15 Diff'rent Strokes. 6.00 North Tonight. 6.30 Party Political Broadcast by the Scottish National Party. 12.00 North Headlines. 12.05 am Seachd Laithean.

GRANADA

1.20 pm Granada Reports. 5.15 Square One. 6.00 Granada Reports on the Road. 6.25 This Is Your Right. 12.00 George Hamilton IV.

HTV

1.20 pm HTV News. 2.00 Houseparty. 4.45 Bailey's Bird. 5.15 Dick Tracy. 5.20 Crossroads. 6.00 Report West. 6.30 Into the Labyrinth. 10.28 HTV News.

HTV CYMRU/WALES—As HTV West except: 12.00-12.10 pm Ffalabalam. 4.15-4.20 War and Pieces. 4.45-5.15 Straeon Y Byd. 6.00 Y Dydd. 6.15-6.30 Report Wales.

SCOTTISH

1.20 pm News Headlines and Road and Weather Report. 5.15 Tales of Crime. 5.20 Crossroads. 6.00 Scotland Today. 6.15 Toye's Talkback. 6.25 Party Political Broadcast by the Scottish National Party. 6.30 Down to Earth. 12.00 Late Call. 12.05 am Seachd Laithean.

SOUTHERN

1.20 pm Southern News. 2.00 Houseparty. 5.15 Betty Boop. 5.20 Crossroads. *6.00 Day by Day.* 6.35 Scene Midweek (South East Area only).

TYNE TEES

9.20 am The Good Word. 9.25 North East News. 1.20 pm North East News. 1.25 Where the Jobs Are. 5.15 The New Fred and Barney Show. 6.00 North East News. 6.02 Crossroads. 6.25 Northern Life. 10.30 North East News. 12.00 Christian Aid.

ULSTER

1.20 pm Lunchtime. 4.13 Ulster News. 5.15 Cartoon Time. 5.20 Crossroads. 6.00 Good Evening Ulster. 6.45 Ulster Decides. 10.29 Ulster Weather. 12.00 Bedtime.

WESTWARD

12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 5.15 University Challenge. 6.00 Westward Diary. 10.31 Westward Late News. 12.00 Faith For Life. 12.05 am West Country Weather and Shipping Forecast.

YORKSHIRE

1.20 pm Calendar News. 5.15 Diff'rent Strokes. 6.00 Calendar (Emley Moor and Belmont Editions).

RADIO 1

(S) Stereophonic broadcast
‡ Medium Wave Only

5.00 am As Radio 2. 7.00 Mike Read. 9.00 Simon Bates. 11.00 Andy Peebles. 12.30 pm Newsbeat. 12.45 Paul Burnett. 2.30 Dave Lee Travis. 4.30 Peter Powell. 7.00 Radio 1 Mailbag. 8.00 Richard Skinner. 10.00-12.00 John Peel (S).

RADIO 2

5.00 am Ray Moore (S). 7.30 Terry Wogan (S). 10.00 Jimmy Young (S). *12.00 John Dunn (S). 2.00 pm The Ed* Stewart Show (S) including Racing from York. 4.00 David Hamilton (S). 6.00 David Symonds with Much More Music (S). 8.00 Listen to the Band (S). 8.45 Alan Dell with Dance Band Days (S). 9.15 Among Your Souvenirs (S). 9.55 Sports Desk. 10.00 It's a Funny Business says Tommy Trinder. 10.30 Hubert Gregg says Thanks for the Memory. 11.00 Brian Matthew with Round Midnight. 1.00 am Truckers' Hour with Sheila Tracy (S). 2.00-5.00 You and the Night and the Music (S).

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Your Midweek Choice (S). 8.00 News. 8.05 Your Midweek Choice (continued) (S). 9.00 News. 9.05 This Week's Composer: Monteverdi (S). 10.00 Pro Arte String Quartet of Salzburg (S). 11.30 Music for Organ (S). 12.10 pm Sullivan: Concert (S). 1.00 News. 1.05 Concert Hall (S). 2.00 Music Weekly (S). 2.50 Piano Recital (S). 3.30 The Part-song Repertory (S). 4.00 Schumann and Prokofiev: Concert (S). 4.55 News. 5.00 Mainly for Pleasure (S). 7.00 English Piano Music (S). 8.00 Amsterdam Concertgebouw Orchestra from the Town Hall, Birmingham, part 1 (S). 8.50 Six Continents. 9.10 Amsterdam Concertgebouw Orchestra, part 2 (S). 10.05 After the Ball (short story by Tolstoy). 10.30 Boismortier (S). 11.00 News. 11.05-11.15 Piano Nocturne (S).

VHF ONLY—Open University: 5.55-6.55 am and 11.15 pm-12.35 am and for students in Scotland, Wales and Northern Ireland only: 12.35-12.55 am.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.30 Today, including 6.45 Prayer for the Day. 7.00, 8.00 Today's News. 7.30, 8.30 News Headlines. 7.45 Thought for the Day. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Mid-Week: Russell Harty's People. 10.00 News. 10.02 Gardeners' Question Time. 10.30 Daily Service. 10.45 Morning Story. 11.0 News. 11.05 Baker's Dozen (S). 12.00 News. 12.02 pm You and Yours. 12.27 The Buckingham Palace Connection by Ted Willis (S). 12.55 Weather; Programme News. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Afternoon Theatre (S). 3.50 Letter from Egypt by Bob Jobbins. 4.00 Choral Evensong (S). 4.45 Story Time. 5.00 P.M.: News Magazine. 5.50 Shipping Forecast. 5.55 Weather; Programme News. 6.00 News. 6.30 My Music (S). 7.00 News. 7.05 The Archers. 7.20 Checkpoint. 7.45 Charles Parker (1919-80) look at the work of Charles Parker, the BBC radio producer. 8.00 The Ballad of John Axon by Ewan MacColl and Charles Parker. 8.45 Analysis. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 The Lord of the Rings by J. R. R. Tolkein (S). 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 9.03 Morning Star. 10.03 The Robbie Vincent Telephone Programme. 12.30 pm London News Desk. 12.40 The Total Music Show. 2.30 Tony Blackburn. 5.00 News. 5.15 Music on the Move. 6.33 The Name of the Game . . . Racing. 7.03 Black Londoners. 8.00 As Radio 1. 10.00 Question Time from The House of Commons. 11.00-5.00 am Join Radio 2.

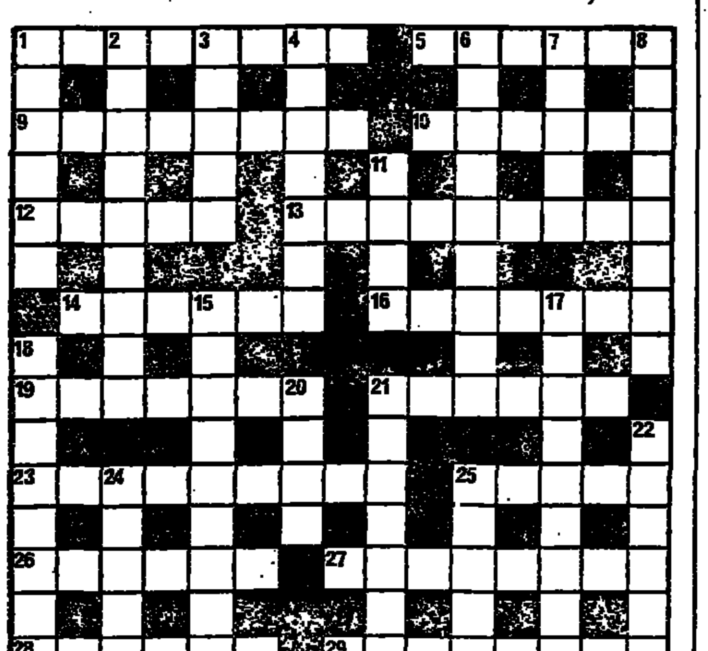
London Broadcasting

5.00 am AM — Bob Holness and Douglas Cameron. 10.00 Brian Hayes. 12.00 LBC Reports. 7.00 pm London Life, includes a feature on jazz. 9.00 Mike Dickin's Nightline. 12.00 LBC Reports Midnight. 1.00 am Night Extra. 4.00 Network. 5.00 Morning Music.

Capital Radio

7.00 am Mike Smith's Breakfast Show. 10.00 Michael Aspel. 12.30 pm Mike Allen. 1.00 First Report. 1.10 Mike Allen (continued). 3.00 Roger Scott. 6.30 London Tonight. 8.30 Nicky Horne. 10.30 John Sach's Late Show. 12.00 Midnight Special.

F.T. CROSSWORD PUZZLE No. 4,567



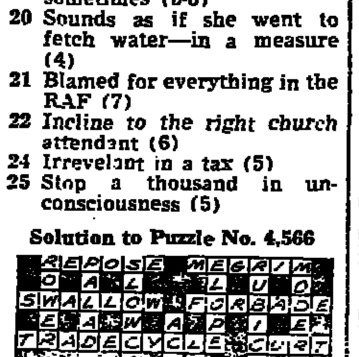
ACROSS

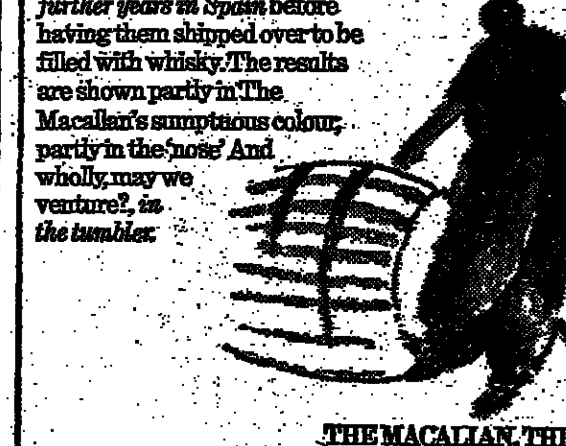
1 Facial adornment inevitably causes pain (8)
5 Doctor found in the river in Indian city (6)
9 Canine volunteers (8)
10 Sailor finds the river returning to cover the road (6)
12 "Here shall he see no —— but winter and rough weather" (AYLI) (5)
13 Tactful person takes a letter for one with a certificate (9)
14 A couple of airmen with a first class return to Mimosa (6)
16 Eastern god has to approve a noisy party (7)
19 "The —— genius is with *sighing sent*" (Milton) (7)
21 Gathers facts from different angles (6)
23 Without due thought (2, 7)
25 Smart girl that is after a rake-off (5)
26 Discoveries about the oriental addicts (6)
27 Field-Marshal goes to China on a diet (8)
28 Excessive fondness for tea in action (6)
29 Jeopardise an objective with ill-temper (8)

DOWN

1 Business makes me row (6)
2 A tram for Uncle Sam (9)
3 Friendship—it is found in a girl (5)
4 In this place help is up to the French poet (7)
6 Dissect something very small in an aromatic plant (9)
7 The dance is odd to a degree (5)
8 Grandma needs no such instruction (4, 4)
11 You can see the tree as you pass inside (4)
15 Gave a contribution with a perfect approach (7, 2)
17 The finished object is socially correct (4, 5)
18 Pampered, like a salmon sometimes (5-3)
20 Sounds as if she went to fetch water—in a measure (4)
21 Blamed for everything in the RAF (7)
22 Incline *to the right church* attendant (6)
24 Irrevelant in a tax (5)
25 Stop a thousand in unconsciousness (5)

Solution to Puzzle No. 4,566





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THE ARTS

Television

Miller's tales of Shakespeare

by CHRIS DUNKLEY

At the end of another batch of Shakespeare plays we can see that Jonathan Miller now has the vast equipage of the BBC's complete canon jouncing along rather nicely. At the beginning, under Cedric Messina, the enterprise looked as though it might be mired for ever in gluey worthiness. But when Miller became series producer his first act was to take on personally the direction of *The Taming Of The Shrew*, risking the unpredictable casting of John Cleese as Petruchio, and thereby dragging the whole thing out of the rut and sending it bowling on its way.

Miller's stint as producer is now almost done: in July with 12 plays to go he will pass the reins to Shaun Sutton. However, owing to the long lag between planning and production on the one hand and transmission on the other there are still six plays to come from Miller's period as producer. They will start again in the autumn.

Already in the can, tantalisingly, is *Othello* under Miller's own direction with Anthony Hopkins in the title rôle and Bob Hoskins as Iago, a part which could have been written for him. But with any luck, far from this being the last of the plays directed by Miller, he will actually direct even more once freed from his duties as producer.

Had the choice been mine I might have tried to persuade Miller to direct the whole lot, working with an almost resident company. That could have brought to an already unique undertaking an extraordinary opportunity to highlight within the plays those parallels and contrasts which presumably the regulars at Shakespeare's Globe could sometimes appreciate thanks to its more or less resident company.

The RSC and Old Vic companies and even Olivier's series of history plays on film have made this possible in a limited way in our own age, but the BBC's undertaking could have offered the best ever opportunity. Given that that is not to be, one hopes that Sutton will use Miller to direct as many as possible of the remaining works.

With Miller in charge the series has never so far been uninteresting. Even he could do little to disguise the fact that some plays, such as *The Winter's Tale* and *Timon Of Athens*, are seldom performed for the good reason that they are inferior to the great works. Yet there has still been the attraction for many of us of seeing those plays for the first time. With the better known ones such as *Antony And Cleopatra* there has been the fun of seeing what Miller, or the directors working to him, would do with them.

I do not always approve of what he does but his productions (forgetting the second half of *Timon*) are rarely boring, they are always intelligent, and when his interpretations depart from received versions it is never for some detailed foible but always in support of an internally coherent whole. It would be dangerous to suggest that Miller is entirely incapable of lashing his own idiosyncratic bits and pieces, Guthrie-like, onto the sides of a play but he has certainly not done so in any of the BBC Shakespeare plays.

His *Antony and Cleopatra* portrayed the famous pair as less than usually august. Colin Blakely's down-to-earth Antony one felt that here was a soldier who would have preferred not to be involved at all with that domestic malarkey back at base. His image as the tough, ageing but active campaigner stood out particularly well against Ian Charleson's urbane and supercilious young Caesar.

But the characterisation of Cleopatra was puzzling. True the text paints her as a paradox, but Glenda Jackson proved (in her television portrayal of Elizabeth I oddly enough, and not her own RSC Cleopatra last year which went over the top) that caprice and regality can exist side by side and even be manifested simultaneously.

Jane Lapotaire in Miller's version gave us Cleopatra as rock star: conscious of her standing but at her happiest when mucking in with her roadies. There was little of the regality or power of a queen of antiquity—certainly too little to explain her as the subject of empire-losing obsessions—and when it came to sex ("Oh happy horse to bear the weight of Antony!") the lady was more randy than sensuous or erotic.

Why, then, call for more direction from Miller? Because he is so good at getting the right *feel* into the plays and we have some idea now of how difficult that is on television. *Antony and Cleopatra* is not Miller's best television Shakespeare (I think his 1975 *King Lear* was) and his view of the Egyptian queen may have been questionable, yet as a whole the play still felt right.

That is all the more remarkable in that *Antony And Cleopatra* is one of the few (two? three?) Shakespeare plays which have previously been done very effectively on television. Jon Scoffield's 1974 version for ATV with Richard Johnson and Janet Suzman is memorable for its shimmering Egyptian scenes hanging like desert hallucinations in a glittering yellow haze of light.

How could Miller better that? He couldn't, but whereas Scoffield's technique could be used only once, or arguably twice since we subsequently saw *Macbeth hanging in some dark* Scottish limbo, Miller has developed a technique that can be applied to any of the plays. His visual effects in *Antony And Cleopatra* may not have been as stunning as Scoffield's, but they were still striking and much more adaptable.

Miller uses backgrounds and sound effects which are often little more than simple symbols, yet quite unmistakable: a rust-red sail with the sound of a creaking halyard for the harbour scene in *Antony and Cleopatra* and the ominous buzzing of flies for the desert tents, the long arcade for the rich man's house in *Timon*, and so on. Against such backgrounds he constructs pictures with his actors, much in the manner of a classical painter.

That, presumably is entirely deliberate (occasionally extending to an obvious pastiche of a specific painting, Metsu's "Music Lesson" in the *Shrew* for example). What is less clear is whether his closely associated use of his cameras is cunningly planned or more the chance result of his being at heart a man of the theatre.

I would imagine that creative cameramen get most frustrated operating in studio with Miller, because he works right against the traditional flow of camera technique—cinema especially, but television too—by manipulating actors instead of lenses. He behaves almost as though he were using a very early movie camera with no capacity to pan left and right or zoom in and out, though he does crab quietly sideways around his cast from time to time. If he has a two-shot and wants to switch attention to a third pary, he will not zoom in on the newcomer as they would in *Kojak*, but have the actor zoom in on the camera.

Such habits are not just an unimportant technical side issue, but central to his construction of the plays for the small screen. Again and again one becomes aware while two characters are talking in a Miller television play that there is someone else, or several others, listening beyond them in the background, often about to speak or move. In this way Miller squeezes into the screen the sort of relationship which is so commonplace in live theatre, with onlookers upstage or near the wings, silent but impinging importantly on the audience's awareness.

He even keeps his cameras stationary when following the sort of dramatic activity which would spur other directors into great spasms of dollying and zooming: when in *Timon Of Athens* Flaminius visited Lucullus to borrow money and was refused, Miller directed him on a fruious rush down the arcade. But instead of sending the camera with him Miller stayed back and exploited the full depth of the studio. The effect brought out the anger electrifyingly (though it did also lose the words, unimportant just then, yet Miller is occasionally guilty of letting actors throw the words away).

I think he probably carries his conservatism with the camera too far. Yet what it all adds up to is a technique which resembles neither the boring business of televising a straight stage performance, nor the full-blown filming which tends to sacrifice Shakespeare's essential theatricality. Miller has invented a way of compressing Elizabethan theatre into a 26 in frame. No mean trick.

Jonathan Miller (left), Colin Blakely and Jane Lapotaire

Bonnie Langford, Elaine Paige and Finola Hughes

Leonard Burt

New London

Cats by MICHAEL COVENEY

Andrew Lloyd Webber's dance musical based on T. S. Eliot's *Old Possum's Book of Practical Cats* had a triumphant opening. The first thrill on Monday night was to discover Sean Kenny's revolutionary theatre (it opened in 1973) at last realising its potential. Inside the cramped airport departure lounge of foyer and stairways, we find an auditorium that is like a dream conjunction of the Olivier and the Round House.

The designer, John Napier, has supplied an evocative waste ground of old tyres, broken-down cars, rotting wood and faded hoardings. As half the audience revolves with the scenery, countless pairs of cats' eyes gleam in the darkness before the creatures mingle with customers, each chanting his "ineffable effable Effanineffable/ Deep and inscrutable singular Name."

These cats on a cold tin roof neither purr nor miaow. Not a whisker in sight. Mr. Napier's stunning costumes are decorated body tights and rehearsal leggings. *The tribe has assembled* for the annual Jellicle ball, presided over by the fabled elder, Old Deuteronomy (Brian Blessed). The celebration of each others' characteristics, joyously undertaken, steamrollers any danger of the scenario degenerating into a routine, unconnected recital of the poems. And the evening's centre is a 15-minute ballet of sustained ingenuity and marvellous switched rhythms performed in the light of the all-seeing moon.

If the director, Trevor Nunn, injects warmth and detail of characterisation into the evening, the real plaudits must be reserved for his choreographer, Gillian Lynne. For years it has seemed impossible that the British could produce their own original dance musical. But here it is, with a company of outstanding dancers and singers fully at home in every style, from tap to ballet, from Bob Fosse-style shimmying to corporate cakewalk, from acrobatic jazz routines to explosive narrative invention.

The Battle of Pekes and Pollicles has been conflated with "The Marching Song of the Pollicle Dogs" into a furious parade of pigs and poodles climaxing in the jack-in-a-box *eruption of the sinister Police* Dog from the centre stage trap. The other big set-piece is the account of Growltiger's Last Stand, the stage awash with huge fans and heroic derring-do "As the Siamese came creeping in their sampans and their junks."

That last episode is touchingly framed by the wistful reminiscence of Gus the Theatre Cat for who these modern productions are "all very well." Macavity the Mystery Cat makes a fleeting appearance after three big build-ups of sirens, flashing police lights and general apprehension on the rubbish heap. It is a great surprise when Sharon Lee-Hill and Geraldine Gardner (a truly sexy marmalade specimen) let rip with the Macavity poem in the form of a raunchy blues hoe-down.

I mentioned the moon. So do the poems, repeatedly, and Lloyd Webber has capitalised further on his good luck by digging up an unpublished fragment about Grizabella the Glamour Cat who prowls, forlorn and alone, along Tottenham Court Road. At the end of the first act, Elaine Paige, a sort of feline inebriate, tentatively tries out the Jellicle steps. In "Memory," she breaks the musical style with a direct quotation from Puccini (*Butterfly*, I think) and a hymn to the moonlight.

As the ball reaches its close we learn that one ritual has still to be observed: the rebirth of a lost member and his return to Jellicle life. With a swelling reprise, lushly orchestrated, of "Memory," Miss Paige is transfigured by David Hersey's coloured lighting and escorted by Old Deuteronomy on a large tyre that ascends to that smoke-filled cat cradle in the sky. A ramp takes her even further out of our sight. The effect is overwhelming, but I presume she will be joining the others later.

Other stars in what is primarily a company show are Wayne Sleep, pirouetting irresistably on his left foot before taking off on the magical ballet of Mr. Mistoffolees: Paul Nicholas as Rum Tum Tugger, a real cool cat with a leopard-skin collar and an Elvis pelvis; and Ken Wells who stops the show as Skimbleshanks the railway cat and finds himself transported on an improvised train of old wheels, dustbin lids and chugging Jellicles.

Lloyd Webber's score is thoughtfully accommodating towards Eliot's rhythms, continuously inventive and a concerted effort to break with his own output to date. For him, as for the British musical, this is a refreshing departure. All children from about ten years upwards should hurry along.

Florence

Gluck at the Maggio by WILLIAM WEAVER

Gluck's operas, at least within recent memory, have not been popular in Italian theatres. True, Ebe Stignani and Fedora Barbieri occasionally essayed *Orfeo*; and a few seasons back, Leyla Gencer sang an ill-conceived *Alceste* in several houses. But, by and large, the Gluck canon remains unfamiliar; the works are festival fare, not day-to-day musical sustenance. And so *Iphigénie en Tauride* was happily chosen to inaugurate the current, and forty-fourth, Maggio musicale fiorentino, by the Maggio's chief conductor Ricardo Muti.

Five years ago, Muti presided over a debatable *Orfeo* at the Maggio (it was the staging by Luca Ronconi and the designs by Pier Luigi Pizzi that aroused most discussion). His affinity for the composer was still more evident in this *Iphigénie*, which, without being perfect, was intensely moving. As usual, the Florence orchestra under Muti's inspiration surpassed itself: the strings produced smooth, fluent sound; the winds purled; intonation and ensemble came close to being impeccable. The chorus, too, went from strength to strength as the evening progressed, especially the women, whose rapt tones framed and enhanced the great music of the protagonist.

For the most part, Edda Moser, in this title role, was effective. The voice does not have a great variety; but the soprano uses it with precision and flexibility. The arias came off best. Often, in the recitative, Moser seemed impatient with the noble line; her declamation became vehement and generic. The drama seemed unfocused, and this failure was worsened by her unintelligible French (the opera was given in the original, but none of the international cast was Francophone; Moser's French was no worse than anyone else's). In any event, she looked lovely and—when the staging permitted—her combination of fragility and decision won the heart.

William Stone, the *Oreste*, and Gösta Winberg, the Pylade, also looked their parts: both young, vital, romantic. Stone's lyric baritone easily encompassed the range of the music and, like Winbergh's, his singing was stylish, apposite. Only Siegmund Nimsgern, the Thoas, was miscast (a fate he has suffered more than once at the Comunale, unfortunately). Most of the time he blustered gruffly, unidiomatically. As Berlioz wrote in 1834: "This rose is virtually unperformable nowadays." (Berlioz's article, from the *Gazette musicale de Paris*, is included in the excellent, informative Florence programme.) Thimes have not changed.

The small roles were well done, and in the brief part of the Scythian messenger Mario Luperi was specially impressive; one would like to hear more of his strong, dark voice.

Last year, a huge show of sketches, designs, models, and costumes entitled *Visualità del Maggio* reminded visitors that, from its very beginning, the festival has tried to bring Italian painters and sculptors *into the theatre: early Maggio* productions were designed by De Chirico, Severini, Sironi, and others. For this *Iphigénie* the celebrated sculptor Giacomo Manzù was commissioned to create sets and costumes. It cannot be said that the artist produced anything memorable. This was not his first venture into the opera house, and his sets for Gluck were strongly reminiscent of the designs he made for a Stravinsky *Oedipus Rex* a number of years ago at the Rome Opera, notably in the use of egg-like boulders on stage. The sets were neither strikingly bold nor helpfully traditional. The costumes were more conventional, though the colours—when used—seemed unnecessarily dull.

Sandro Sequi moved the chorus skilfully, but he was less successful with the principals and with Edda Moser in particular. He encouraged—or alowed—her to strike Grecian attitudes, robbing her acting of any naturalness or spontaneity. The gestures seemed performed by rote, dutifully, but without feeling. Nothing was *ugly or in bad taste, but one* wanted more (or at times, less). Against the musical success of the performance, the visual aspect was only acceptable.

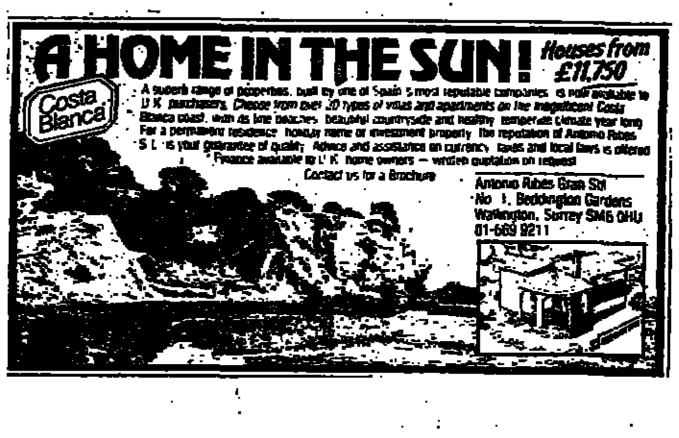
Wigmore Hall

Moreno-Capelli by DOMINIC GILL

The young Argentinian pianists Hector Moreno and Norberto Capelli are a lively and accomplished duo. Three out of the five works of their enterprising programme on Monday night came, not surprisingly, from the huge repertory of four-hand transcriptions: but one in particular was a happy, and surprising, find. Ravel's own arrangement for two pianos of his Introduction and Allegro is very little known, and still less often played—though it re-creates the music brilliantly, and makes a sparkling concert piece. Moreno and Capelli gave it with grace and pungency: they should be persuaded to record it, perhaps with some other Ravel duo rarities, soon.

In performance the two players' synchronisation is unusually exact; but their most notable virtue is their ability to listen *into* their sonority, and grade and balance the colours finely—no trace in their playing of the thickened, lumpy textures that are the hallmark of less sensitive ensembles. They gave César Franck's four-hand transcription of his Prelude, Fugue and Variation for organ with an easy, lilting momentum; and Poulenc's late (1953) sonata too, with its glassy, valedictory gleam, still (but barely) quickened by fitful splinters of energy.

The duo ended with *Three Romances* by the Argentinian Carlos Guastavino — good-humoured, though perhaps a little disappointitngly soft-centred, medleys of Spanishry; and with another rarity, Liszt's *Concerto pathétique* of 1856, arranged from his earlier *Grosses Konzertsolo* for piano—colourful bombast, impressively contained by these players, but never too politely understated, and brought to a fine *grandioso* climax.



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Halfway with Sir Geoffrey

SIR GEOFFREY HOWE'S Mais Lecture to the London School of Economics last night was entitled "The fight against inflation" and was clearly intended to be a major intellectual defence of the Government's economic record so far.

As the Chancellor said, the conquest of inflation is not the only goal. "The ultimate goal must be to restore the British economy to growth and prosperity: defeating inflation is one crucial condition for that. The other is improving the performance of the economy by making it more flexible and adaptable in its response to technological change and developments in market conditions. . . . But while the conquest of inflation may not be a *sufficient* condition for sustainable economic growth, it is, we believe, a *necessary* condition."

Patchy record

There was one almost whimsical passage in which Sir Geoffrey spoke of the possibility of price stability or zero inflation. It is not all that long since we had it, at least for a short time. "Between October 1858 and May 1960," he said, "the retail price index did not move by more than one point in either direction."

Yet not even Sir Geoffrey is offering a return to that today. The record that he has to defend is patchy. The underlying rate of increase in the RPI was running at 13½ per cent when the Tories took office in the second quarter of 1979, and had been in single figures in the previous year. It is now around 10-12 per cent, and the year on year increase has at times been above 20 per cent largely as a result of the Government's own actions in doubling VAT in Sir Geoffrey's first budget.

What is more, not even the London Business School, the economic institute most in tune with the Government's thinking, is now predicting a fall below 8 per cent. The wholesale price figures published yesterday suggest that inflation has stopped decelerating at least for the time being largely because of the recent fall of sterling against the dollar.

It may be that the trough of the recession has been reached and that there are significant gains in productivity to come. But it is also worth remembering, in seeking to judge the Government's record, that industrial production in the first half of his year was about 12 per cent below the average for the first half of 1979 and that unemployment has risen from 1.3m on the eve of the last election to around 2.5m today. Against that background, the Government's achievement in bringing down the underlying rate of inflation to 10-12 per cent does not look all that convincing. The performance will be even more questionable if inflation again begins to rise.

There are some signs that it might. The depreciation of sterling against the dollar does not help. Restocking when it comes may encourage companies to increase their margins, and there could be a rise in the level of pay settlements at the first hint of economic recovery. If all that happens, the Government will be worse than back to square one.

We think that Sir Geoffrey is right to stress that the fight against inflation is crucial. But as often as not, it has been the Government which has failed to deliver. The abrupt rise in VAT in the first budget increased inflationary expectations. It took Treasury Ministers a year to realise that private sector pay settlements in 1979-80 were running at above 20 per cent. In the public sector, where the Government has direct responsibility, excessive pay settlements continued even longer. On top of that, the effort to control public expenditure is now having to be renewed yet again, possibly even more harshly than before.

Pyrrhic

The record at this half way stage is one of only partial success. The Government has the right aims and Sir Geoffrey is to be commended for sticking to them. But there is no case for relaxation now. What we want to hear is not how the Government won the battle to bring down inflation almost to single figures—that could still be a Pyrrhic victory—but what it proposes to do now to bring it down further.

Sweden: cost of consensus

ANTI-SOCIALIST government in Sweden has proved hard going. The coalition of three bourgeois parties formed in 1976 after more than a generation of Social Democratic rule brought about fewer changes than might have been expected before the Prime Minister, Mr. Thorbjurn Falldin, head of the Centre Party, resigned on Saturday. Moreover, it demonstrated a singular lack of cohesiveness.

The first split occurred in 1978 when the coalition parties could not agree on whether Sweden should go ahead with its nuclear programme, hard hit though the country had been by the oil crisis. Mr. Falldin's party was against nuclear power; the conservative Moderate Party of Mr. Gosta Bohman, and the Liberal Party under Mr. Ola Ullsten were in favour.

Referendum

The matter was taken out of party politics by submitting the question to a referendum which eventually produced a majority in favour of going ahead cautiously. The respite allowed the three bourgeois parties to win the parliamentary election of 1979, albeit with a majority shaved to one.

The tenor of their campaign was that taxes must be reduced to cut the Government's slice of the national cake; which it takes for a highly developed welfare system and other purposes. Public spending in Sweden amounts to the equivalent of about two-thirds of GNP, the highest rate in the OECD. Yet when the coalition came through with proposals to attack the problem it promptly split again.

Only the Moderates stuck by the proposal to bring the maximum marginal rate of income-tax down from 85 per cent to 75 per cent and to fix the marginal rate for the mass of tax payers at 50 per cent, making up the loss of revenue by economies. The Liberal and Centre Parties made their own deal with the former Social Democratic Prime Minister, Mr. Olof Palme.

There is an obvious explanation for that *volte face*. The two parties in question have been losing support steadily since entering the coalition in 1976: Mr. Falldin's Centre has declined from 24 per cent in 1976 to 18 per cent of the vote in 1979, and only 12 per cent in a recent opinion poll. Mr. Ullsten's Liberals have during the same time declined from 11 per cent in 1976 an 1979 to 7 per cent now. Only Mr. Bohman's Moderates have advanced from 16 per cent in 1976 to 25 per cent today.

The Social Democrats throughout have remained the largest political party: the latest poll puts them just short of 50 per cent—enough, if an election were to be held now, to enable them to govern with the support of the Communists or, if need be, with support given from case to case by either the Liberals, the Centre, or both.

That leaves Mr. Bohman, the Moderate leader, in a dilemma. Unless there are some more about turns, he has a choice between tacitly accepting what his partners have agreed with the opposition; or of pushing for an election in which his party might win additional seats, but in which Mr. Palme would win power. In making his choice he must be aware of the fact that, one way or another, Sweden must get its spending, or rather its budget deficit, under control: a deficit of SKr 75bn (about £7.3bn) is foreseen for 1981/82, which will rise to SKR 100bn in four years unless something is done about it. Mr. Bohman's tactics so far imply that he has decided to stand by his principles.

That decision, if he carries it through, is risky but laudable: at the very least it would give the Swedish electorate a more clearly-cut alternative to the Social Democratic way than the two coalitions since 1976 have provided. Their reaction to the problems of world recession has been to try to spend their way out of trouble: uncompetitive or over-expanded industries were held above water, thereby increasing the fiscal burden.

Improvisation

Much of that may have been no more than improvisation — just as the nuclear referendum had a measure of improvisation about it, or even the break-up of the coalition on the tax issue. But beneath there lurks a habit of consensus acquired during decades of social and economic progress. At bottom, Mr. Falldin and Mr. Ullsten deserted Mr. Bohman because confrontation is not the Swedish way.

In many ways that has been Sweden's good fortune, only that in today's circumstances there is a price to be paid for consensus. But how do you persuade a people of that, if their standard of living is among the highest in the world?

U.S. CREDIT CRUNCH

Wall St fears for the future

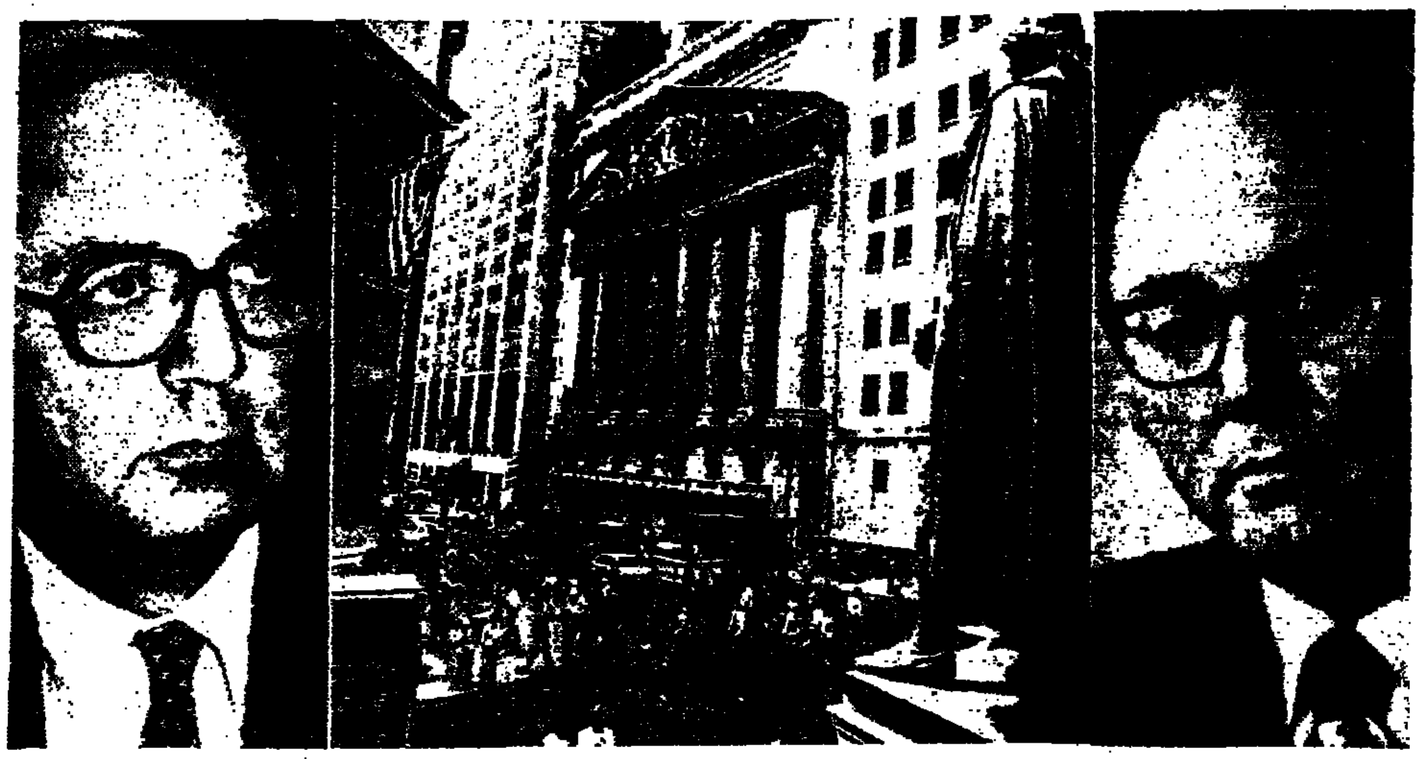
By David Lascelles in New York

IT was only last December that Wall Street—thanks largely to the prospect of a Reagan presidency—managed to shrug off the worst credit crunch this century and a 100-point drop in the stock market. Yet less than six months later, just as Mr. Reagan won his first important budget vote in Congress, interest rates have surged to even higher levels, and the stock market is beating another hasty retreat amid encircling gloom.

In the past fortnight alone, partly as a result of the Fereral Reserve's tougher monetary policy, bond rates have reached historic highs, the prime rate has risen 2 per cent to 19½ per cent, and the Dow Jones Industrial Average, which set an eight-year record in the last week of April, is down more than 50 points.

Once again, the stage seems set for a crisis on Wall Street. But while the one engineered by the Carter Administration last spring, and the second last Christmas, evaporated with dramatic suddenness, there are fears that the latest one could prove to be more severe, mainly because it stems from a growing sense of pessimism in Wall Street about President Reagan's economic plan; a feeling that the package of tax cuts and business incentives he has proposed will not only fail to cure the country's economic ills but may actually do harm by impeding the attack on inflation.

In more senses than one, this is highly ironic since Wall Street celebrated the Republican election victory with last year's huge "Reagan rally." The new Administration is also committed to a tough monetary policy which, while painful in the short run, might be expected to produce benefits in the long run, such as lower inflation and more stable markets. But now even that is under question and the markets are watching more closely than ever the relationship between the Fed and the Administration.



Wall Street flanked by the Fed's Mr. Paul Volcker (left) and arch-monetarist Mr. Beryl Sprinkel of the Treasury

While the drama of the two previous crises was played out mainly in the short-term markets, the action this time has shifted to the long-term markets, which provide a far better clue to Wall Street's forecast of future inflation. Bond rates are all at record levels, and the much-watched Bell System bonds have reached 16 per cent, as forecast by Dr. Henry Kaufman, the prominent Salomon Brothers economist, at the beginning of this year when they were still at 12.50 per cent.

Unsold bonds are gathering dust on traders' shelves even though Government securities are yielding more than 4 per cent over inflation.

"You could not possibly say that what is happening in the markets now is a ringing endorsement of the Reagan plan," said Mr. William Griggs, money market economist at J. Henry Schroder Bank and Trust Company.

Specifically, economists like Mr. Griggs are deeply concerned that Washington will fail to bring the Federal deficit under control and in fact will only make things worse by going ahead with the promised tax cuts. The deficit this year is already expected to match or exceed last year's $60bn. Although next year's budget has still to be passed, the debate on Capitol Hill suggests that Congress will go for bigger rather than smaller tax cuts which would keep both inflation and interest rates high.

In a recent speech, Dr. Kaufman urged the Administration to make balancing the budget its top priority. "The new fiscal policy," he declared, "is exceedingly expansionary, does not pursue a course that fights inflation vigorously along the way and will place nearly all the anti-inflation effort squarely on monetary policy."

These gloomy views are not universal, of course. Dr. Martin Feldstein, the Harvard Economics professor, argued in the Financial Times only last week that the Reagan plan was deflationary because it would cut the Government's role in the market place and leave individuals with little or no real increase in after tax income. The monetarist contingent in the White House, led by Mr. Beryl Sprinkel in the Treasury, also argues that deficits themselves are not inflationary so long as the money supply is kept under control. But none of these arguments seems to soothe Wall Street's worried frenzy.

There is even a growing suspicion in its gloomy canyons that for all the protestations of support by Mr. Paul Volcker, the Fed nurses doubts of its own about "Reaganomics" and is acting tough less out of conviction that this will help the Reagan programme to succeed, than to ensure that if and when it fails, its monetary policy shall not be to blame. Such speculation could never be substantiated, of course, but the very fact that it has gained currency will damage the Fed's credibility.

Wall Street's nagging doubts have come at a bad time because economic factors largely unrelated to the economic debate were already driving interest rates up.

The strength of economic activity in the first quarter produced a surge in the money supply which forced the Fed to tighten interest rates to get it back on target. The unusual force with which the Fed moved may owe something to the encouragement it has received from the White House virtually to ignore interest rates in its battle to control the money supply. Where the Carter Administration yelped whenever the cost of money rose sharply, the present Administration has accepted that high rates are the price that must be paid for the kind of tough monetary policy it wants though Mr. Sprinkel said yesterday that interest rates could harm U.S. industry if they stayed high too long.

The dangers of the course now being pursued by the Administration (which has no tool except the Fed's conduct of monetary policy until its budget measures are enacted) are that high rates will stifle economic growth and throw ever more people out of work. This does not, however, seem to worry Mr. Reagan unduly. The prospect of a new recession is not yet a big political issue and it has certainly not produced pressure to ease up on the monetary front.

It is too early, of course, to say that Wall Street has given up on the Reagan plan. But it is quite clear that it is distinctly less enthusiastic than it was and that investors—the people who would be expected to put money on it—see it as a gamble with unattractive odds. All this could change if Congress comes up with a better balanced budget than expected for 1982.

Companies: quite confident, for now

By Ian Hargreaves in New York

CHRYSLER, Braniff International, White Motor, International Harvester, Massey-Ferguson, Seatrain Lines and Itel: these names stand out as landmarks in the credit squeeze which for the third time in 18 months is pumping air out of the lungs of corporate America. All struggled to survive and three of them—White, Seatrain and Itel—did not make it.

A lot of smaller companies have also been squeezed beyond the point of endurance as the bigger companies they supply have passed demands down the line for swifter repayment of bills. In the first 17 weeeks of this year, 5,100 industrial and commercial companies failed, compared with 3,493 in the same period of 1980.

But what surprises most U.S. economists is not the length of the list of corporate bankrupts, but its brevity.

"I must admit I have been astonished by the tranquillity," says Mr. Milton Hudson, senior vice-president and economist with Morgan Guaranty, the large New York bank which specialises in corporate loans. "It is pleasant, but puzzling."

The situation is even odder viewed from the perspective of more general figures about the liquidity of American business. The ratio of short to long-term debt among non-financial corporations is now around 0.85 to one and rising. In 1965, the ratio was less than 0.6. The amount of commercial paper (short-term promissory notes issued by big companies as a slightly cheaper alternative to bank loans) outstanding reached $41.4bn in February, a record and up from $19.3bn in December 1978.

This happened because as American business surfaced from the short, sharp recession of last spring, it rushed for the bond market in a traditional effort to convert short into long term debt, while rates were low, as they usually are in the wake of a recession. But the period of lower rates was so brief that many did not make it.

The result, according to Salomon Brothers, is that American business ended last year with its worst liquidity ratios since the war. "The corporate sector as a whole seems to have abandoned even the pretence of concern with traditional measures of financial balance sheet health."

As interest rates have risen in the last seven or eight weeks, companies can be expected further to postpone the pursuit of stronger balance sheets. What is worse, this is happening at a time when corporate profits and therefore internal capital generation are also taking a beating. In spite of 6.5 per cent GNP growth in the first quarter, profits at major corporations were the same as in the first quarter of 1980, in spite of more than 10 per cent inflation, according to a new study by Business Week magazine.

This, on paper, adds up to a crisis of the gravest dimensions. So why the tranquility?

There are many reasons, ranging from the Carter administration's willingness to avert the biggest bankruptcy, that of Chrysler, to the new Administration's cheerful lack of concern, at least in public, about the dangers that corporate America could be plunged into a very serious slump by rising interest rates.

More important is the fact that outside the highly interest-rate sensitive sectors of motors and housing (because customers need loans to buy the product), the economy is rolling along very nicely. Energy and all related areas are booming, defence is about to and exports have been strong, although a stronger dollar threatens the latter.

For companies outside the immediate crisis zone, the art is to cut back costs and operations in order to stem the deterioration of the balance sheet. Singer, the sewing machine company, has done this, although it still ended last year with 41 per cent more short-term debt than a year earlier.

For a financially strong company, like TRW the Cleveland-based defence and components company, the question is more one of inconvenience. When will the company be able to convert into long-term debt the $70m or so of commercial paper it now has outstanding at rates of more than 18 per cent. The answer, says Mr. Charles Allen, finance director, is when it can float a 30-year bond with a yield of around 13 per cent, rather than the more than 15 per cent such bonds are now yielding.

The problem for Mr. Allen is that with about $6.5bn of bond issues waiting in the wings for similar conditions, demand pressures alone will ensure that rates stay high. The question of when to go to the bond markets is on the mind of just about every large company in America.

One surprising development in recent months, however, has been the fact that corporate bond issues have increased from $2.4bn in February to $3.3bn in March, then holding steady at an estimated $3.2bn in April. This has happened, contrary to historical patterns, in part because some companies have no choice but to borrow now, whatever the rate, but also because otherwise sound companies are having to accept they will pay more than they expected.

MEN AND MATTERS

Clubby Chequers

The Iron Lady and the Iron Chancellor are back on friendly terms. Only a couple of months ago, Margaret Thatcher's references to Britain's EEC payments as "my millions" provoked Helmut Schmidt into a bitter riposte about "my fish." But those who penetrated the RAF's "Bikini alert" security yesterday for the post-Chequers Press conference at Halton House found the pair in a togethersome mood.

Past problems between them seem to have stemmed in part from a similarity of style. Schmidt likes to talk—and Mrs. Thatcher does not like to listen. When Chinese Premier Hua Go Feng visited 10 Downing Street and launched into a 30-minute lecture on Soviet hegemony, Lord Carrington only kept a silently fuming Mrs. Thatcher in her chair by passing her a note saying: "Prime Minister you are talking too much."

The impatience flashed briefly again yesterday. After conducting a bland adagio opening to the conference, Mrs. Thatcher decided on a presto finish. "Come on, we don't have much time," she chided newsmen, cantering through the closing questions with staccato answers.

After Maastricht, relations between Schmidt and herself had been "a bit scratchy," she admitted. But were they friends now? "Yes, we are," Mrs. Thatcher responded curtly. "She says so," added Schmidt with a smile before resuming a diplomatic silence.

"There always seems to be someone trying to keep us out of Europe!"

Haven on earth

"There is responsible opinion that in the world of today, it is helpful to the prudent man if he is a citizen of one country, a resident of another, with his assets spread among three or more countries throughout the world."

The little homily comes from a Panamanian pamphlet which I picked up during a brief swoop onshore to the first day of the International Offshore Financial Centres (née Tax Havens) Fair at London's Park Lane hotel. "The pamphlet," incidentally, is "intended for information purposes only, is loaned to the reader, and it remains the property of the Investors Fiduciary Service Corporation."

The Fair itself looked a pretty quiet affair. But who could say what high-powered action was going on behind the scenes?

Shop assistant

The controversial agreement earlier this year to institute a closed shop for employees of Sandwell council was an ill wind for Joanna Harris, the poultry inspector who lost her job after refusing to join a union there. But it blew its proverbial quota of good for the National Union of Public Employees, which is holding its annual conference at Bournemouth this week.

To great applause, the presentation was made of the annual award to the branch which proved most successful at recruiting new members during the year. The winner—Sandwell.

While other major unions are worrying about loss of membership owing to redundancy, NUPE says its membership rose last year from 692,000 to 699,000. The increase was helped by new catchment areas, such as nursing. But the union attributes at least some of its recruiting success to the membership agreements it has reached for its council worker members since the Labour wins in the district council elections last year.

The National Association of Local Government Officers, the biggest union in local government saw membership rise by 30,000 last year, to a total of 780,000. It says closed shop agreements have helped, though it would rather attribute the increase to a recognition among local government employees that trades union membership can help them keep their jobs.

Political cell

West Berlin police will be keeping a particularly close eye on one councillor elected in Sunday's Tiergarten district elections—to make sure that he does not escape.

Gerald Kloepper was elected on the "Alternative List" ticket, a coalition of ecologists and disaffected Social Democrats. But his past political affiliations extend rather further. For he is also a convicted former member of the Second of June urban guerilla movement, which had close ties with the Baader Meinhof organisation.

In consequence, Kloepper now resides at Berlin's Moabit Prison. Last year, he was given an eleven-year sentence for his part int he 1975 abduction of Peter Lorenz, leader of the Christian Democrats in West Berlin. But because he has an appeal pending against the conviction, he was allowed to take to the hustings. The campaigning was done by friends while Kloepper himself has, according to the Alternative List group, "renounced terrorism."

The West Berlin Justice Department says that Kloepper will be allowed out of prison for council meetings, and will be accompanied to and from Tiergarten Town Hall by policemen. It admits however, that problems may arise if Tiergarten citizens seek to engage Kloepper in council matters outside the confines of the chamber.

Short commons

Enoch Powell and Ian Paisley may still refuse to list their financial interests, if any, in the Commons' register but some MPs lay bare their assets, or lack of them, with an appealing sense of pride and duty.

Thus Bassetlaw's Labour MP Joe Ashton reveals that he continues to hold two shares in Sheffield Wednesday Football Club though no dividend has been paid on them since 1935. And former Commonwealth Secretary Arthur Bottomley discloses that he has had a free trip to Burma but only "to receive the country's highest award, the Aungsan Tagun title."

James Callaghan has a "half share of a farm in Sussex, where I live and from which no net income is derived," Sir Keith Joseph has three shops, and Harry Cowans of Newcastle Central "four ex-railway houses, from which I get no real, income."

Michael Foot receives royalties "from time to time." Margaret Thatcher tersely records "nil" interests outside Downing Street and the Commons.

Actor Andrew Faulds, Labour MP for Warley East, immodestly lists "a valuable voice" among his assets and says he has now added a gift of jade mashaba from Qatar to the string of prayer beads he got from Syria last year.

Observer

Joe Rogaly takes a personal look at the implications of the rise of the Labour Left in London

Now is the time to change the rules

WARNING: if the Labour Left can pour out of a "moderate" Trojan Horse and capture London it might use the same tactic to capture Britain.

If it does, and succeeds, the erosion of our democracy will surely begin.

None of this need take place, but only a change of the rules, necessarily initiated by the present Government, can make certain that it does not.

Consider the above three propositions in turn. What is happening in London is plain. At last Thursday's elections to the Greater London Council, Labour was led to victory by Mr. Andrew McIntosh, billed as a moderate. Within 16 hours he was replaced as leader by Mr. Ken Livingstone, a professional politician and leader of the Left in London's Labour Party.

The planning of the coup

Mr. Livingstone's victory was no accident. Local activists sharing his cast of mind have been working for some years to win control of constituency management committees. His faction has strongly influenced the editorial policy of a monthly journal, *Briefing*, produced by an editorial co-operative that has held its meetings in his County Hall office. The Left insisted that last Friday's party leadership election should be held at 5 pm rather than 9 am, thus giving time to fine-tune the planning of the coup. And so, as with those Russian dolls which open up to reveal another doll within, the new leader emerged.

It is incidentally, Mr. McIntosh who has spoken of Russian dolls, not a Tory speechwriter. The moderate members of the parliamentary Labour Party might now wonder whether the same thing could happen after the next general election in, say, 1984. The election could be won under the leadership of the "moderate" Mr. Michael Foot. He might last longer than 16 hours, but he could certainly face a challenge from Mr. "Tony" Benn at a subsequent Labour Party leadership contest. Mr. Benn's current challenge to Mr. Denis Healey for the deputy leadership of the Labour Party, against the advice and pleading of comrades of Left and Right alike, should be evidence enough of his willingness to advance both himself and his cause.

His ability to win in such circumstances will depend in part on how he fares in the contest against Mr. Healey, in part on the Labour Party leadership election rules then prevailing and in very large part on a steady build-up of activist support within the trade unions and constituency management committees. Mr. Benn has been working on such a build-up for many years; in this game Mr. Livingstone is by comparison a raw recruit.

To appreciate what the potentially more powerful Mr. Benn could do if he succeeded in such an endeavour, have a further look at the events of the past week in London. The day after the Livingstone coup, the Labour Left ousted Sir Ashley Bramall a 65-year-old moderate who has led the Inner London Education Authority for the past 11 years.

In his place it put Mr. Bryn Davies, 36. He has been a member of the ILEA for 15 months. The burden of carrying out the education policies of the Labour Left will not be *shouldered by Mr. Davies alone*. He will be assisted by Mrs. Frances Morrell, who was elected as his deputy, in place of the moderate Mrs. Mair Garside. Mrs. Morrell is a former policy adviser to Mr. Benn and has for many years been a close political associate of his. Other Left-wingers, including Mr. Stephen Benn, son of Tony, have been co-opted to the *ILEA*.

Mr. Ken Livingstone, left, who ousted Mr. Andrew McIntosh, right: "as with those Russian dolls which open up to reveal another doll within, the new leader emerged."

It should be stressed that none of this is a threat to democracy. There will be debate, and heated arguments, about the degree of streaming in London's schools, or the level of bus fares, or rates, or spending on housing. Such quarrels over policy indicate the existence of a healthy democracy, not its erosion. The personnel may have changed following the GLC election, but there has been no talk of abandoning the manifesto on which Labour fought and won.

Thus the most that can be said of the faction that has come out on top at County Hall *is that it has succeeded in using* its own party's rules, allied to the first-past-the-post electoral system, as a means of gaining control and putting forward policies in which it believes. A different set of party rules, or a different electoral system, might have prevented this (for, with proportional representation, it is unlikely that Labour alone would have captured London and highly improbable that the Labour Left would have done so) but the effect of the Left's victory is limited by the relatively few powers of the GLC and the strong possibility that next time London votes it will lead to the emergence of a different regime at County Hall.

It is, alas, not possible to rest so easy when contemplating the consequences of control by the Left of the Labour Party at Westminster. At first sight such a remark might seem alarmist. Unilateral disarmament, withdrawal from Nato and the EEC, the imposition of import controls, and much further nationalisation of industry are all matters of policy that, arguably, can be reversed. Whether the risk of finding Britain saddled with such a set of policies on the basis of the support of probably less than a third of the electorate (for that is the way the present electoral system is working) is reasonable or not, it is not a direct threat to democracy. As with London, the Left at Westminster could use its own party's rules plus the quirks of our electoral system, as a lever towards winning factional control for a while. There is nothing new about this: Mrs. Margaret Thatcher and her monetarists did it in 1979, when her Government was returned to try its "great experiment" on the basis of the support of 33 per cent of those eligible to vote.

A second look reveals the danger. Abolition of the House of Lords, with nothing put in its place, would further enhance the power of a House of Commons whose major constraint at present is no stronger and no weaker than its own sense of what is right. Such abolition is proposed by the Labour Left. In a country with an unwritten constitution the power of an unrestrained Commons could greatly magnify the effect of the lever being used by any political faction, of Left or Right; if that faction's sense of what is democratic was tinged with authoritarianism, who could withstand it? It is such a line of thought that has already driven some from the Labour Party; others have remained, to continue the fight for democracy "from within." Yet they know not what they face: for if the Russian-doll figure of Mr. Foot is lifted in 1984 to reveal Mr. Benn, who is to say that Mr. Benn's own figure might not conceal that of a representative of the anti-democratic Left?

Hold on there a moment, some will protest. Don't put the frighteners on quite yet. After all, how likely is it that the Labour Party will win in 1984 or 1983 or whenever the next election comes? In fact its chances seem pretty slim, what with its poor overall showing in the county elections, the work of the boundary commission the break-away of the Social Democrats, the prospect of some degree of climb out of the recession, the poor leadership of Mr Foot, and just about every other factor you can think of except, perhaps, the level of unemployment.

It is hard to quarrel with all that. A cold analysis today must consider these factors, and conclude that the betting is against Labour. But the argument in this article is about risk—about what is at stake, and the degree of risk that is reasonable. And to those who say "Labour won't win," one can only reply that in midsummer 1967 Americans laughed at anyone who postulated that Nixon ("he's finished") would win the following year; that, not very long ago, a great many close observers of Zimbabwe had good money on Bishop Abel Muzorewa; that Harold Wilson was written off long before he won twice in 1974; and that, on Sunday, Francois Mitterrand resoundingly thrashed a French electoral system designed specifically to keep the Left out in the cold and in the process, lost many political punters their shirts.

Desire to become the sole party

It is at this point that the Conservative Party must stop and think. Its own fondness for the present electoral rules is based on its natural desire to become the sole party of government as often as possible. In the past this has worked reasonably well. To give that up in favour of a system of proportional representation (for simple House of Lords reform, without PR, would be ineffective) means to risk government from the Centre: under such a system the Thatcher experiment might have been difficult to mount without the support of at least half those who voted.

From the Government's point of view, that would be a high price to pay for anything; from Mrs. Thatcher's own point of view, probably too high a price. Yet no one would answer in *these terms on the other side of* a successful parliamentary coup by the anti-democratic factions of the Left; then the cry would be, "if only we had acted in time." Those of us who believe the danger to be real can only say today: you are being warned.

Letters to the Editor

Civil Service pay

From the Secretary, Institution of Industrial Managers

Sir,—Referring to recent letters on civil service pay some reinforcement of Mr. Goode's comments (May 7) might be useful. The Institution of Industrial Managers carries out a similar survey to that quoted by Mr. Goode, which bears out almost exactly the figures quoted for electrical engineers. I would, however, like to take this a step further and make two points, firstly that in a comparison between 1979-80 and 1980-81 the following facts emerge:

1979-80 Average increase:
Private sector 25%
Public sector 25%
1980-81 Average increase:
Private sector 14%
Public sector 20%

The second point is that over the last four years that this survey has been carried out there has been definite evidence of a see-saw between public and private sectors. Surely it is not beyond our ingenuity to stop this ridiculous leap-frogging between public and private sectors, for if continued it could do nothing but harm.

David Evers,
Industrial Management House,
Cardiff Road,
Luton, Beds.

Machine tool builders

From Mr. D. Henderson.

Sir,—Mea non culpa! I did not say, as Mr. Noble, chairman of Noble and Lund attributes to me (April 29), that Staveley's Asquith division was the only remaining heavy machine tool builder, but that it was the last remaining major builder of heavy machine tools.

N and L makes some very fine and very large machine tools—but not, so far as I know, in any great quantity. I had Noble and Lund very much in mind when I wrote by previous letter for the ball, that is called opportunity, is today very much at the foot of Mr. Noble and his company. With domestic competition virtually non existent now, a smaller but increasingly efficient home market in heavy engineering is an ideal base on which to expand production of heavy machine tools of the type made by N and L. Moreover, should a war situation develop at any time, and I fear that, human nature being what it is, it one day will, it is to Noble and Lund and perhaps one other company that we will have to look if the heavy engineering effort required to turn out the sinews of war are to become available as needed. In reality, this country can no longer fight a defensive war other than by nuclear means.

We have no longer the forges, the foundries the heavy machine tools in sufficient numbers to keep our merchant fleet far less the Royal Navy afloat, or our armies in the field. It was our ability to build and engine ships faster than the enemy could sink them, that was one of the principal reasons for our survival in two world wars. We are an island nation, a maritime people, and when we cannot feed ourselves we must either starve, surrender—or go nuclear, with all that that implies.

It is a sobering thought that what once, in the days of Empire, seemed an impossibility—that we cannot defend ourselves—is become today, fact.

David Rowan Henderson.
Henderson and Keay (Engineering),
11b, North Claremont Street,
Glasgow.

Advertisers and buyers

From the Sales Director, Trident TV

Sir,—I feel that I must comment on your headline of May 6 on the Cranfield car study, where it was asserted that car manufacturers' advertising has little effect on the average buyer.

Little evidence was adduced to support this contention in the main body of the article. Indeed, your statement "only 59 per cent of the would-be buyers had referred to a magazine or newspaper when deciding about the car to buy" seems to me strong support for the contention that buyers do seek out media information rather than the reverse. Many studies by the Advertising Association have shown that while advertising *per se is not a salient factor* on a par with inflation and the cost of living in consumers' lives—factors which not surprisingly the Cranfield Study showed are important in car buying decisions—it is nevertheless a valued source of information about products. Work carried out in the autumn of 1980 by National Opinion Polls bears this out. Two-fifths of a sample of 1,222 adults claimed advertisements on TV provided them with really useful information in relation to their purchasing decisions.

Car advertising on TV has in the last ten years become an integral part of the manufacturers' marketing mix. Businessmen do not spend some £25m on our medium unless convinced of its effectiveness. The fact that Cranfield found a less than perfect knowledge of particular models of cars must be set in the context that many hundreds of models are available.

Even so, the findings that 60 per cent of non-Fiat buyers did know about the competing Fiat models says much for that advertising. Furthermore, it must be pointed out that Ford and BL were the largest advertisers of cars and therefore not surprisingly nine out of ten of those interviewed knew about the particular Ford or BL models in the range they were looking at.

Clive W. Leach,
Trident House,
8 Grafton Street, W1.

Attending the zoo

From the Secretary, Zoological Society of London

Sir,—Mr. Donald Coombe (May 1) comments on the financial problems of the Zoological Society of London in general and the London zoo in particular.

Although the present admission charges may seem high, in relation to the cost of living they are in fact about the same as they were between the wars and indeed at most other periods over the society's 150-year history. If the numbers and species of animals to be seen is taken as a measure, the adult entrance price to the London zoo is appreciably lower than that of any other British zoo of any importance, except one. This does not take into account the added attractions of our aquarium and insect house.

Of course, we do not like increasing our admission charges but there is no evidence from the experience of other zoos that reducing prices produces enough extra visitors to bring in the income needed to cover costs. Elsewhere in the world zoos of similar size and quality to London which charge lower prices, balance their books as a result of support from public funds.

There is a thriving membership of this society. The membership fee for an ordinary fellow is £20 per year and £25 for a scientific fellow, for which he receives free admission for obth himself and a guest to London zoo and Whipsnade for 364 days in the year (our zoos are only closed on Christmas Day). Associates, who do not have to be elected, have similar rights for only £15 a year. This is a far better deal than that which Mr. Coombe suggests to solve our financial problems. Some 60,000 schoolchildren attend our formal educational lecture-tours each year and at lest 100,000 come on other educational visits; in addition some 21,500 students visited the London zoo in 1980 at concessionary rates.

Mr. Coombe must have visited the zoo some time ago; how he can suggest that it now looks "down at heel" after the extensive rebuilding and improvements made over the last 20 years is surprising. The few remaining old buildings will be replaced just as soon as capital funds are available, but, meantime, they are kept in the best condition possible. The zoo as a whole is much more attractive, better laid out, and a good deal tidier than it was in the past.

E. D. Barlow.
Regent's Park, NW1.

Dishonest practices

From Mr. C. Dyson.

Sir, — Richard Evans, your Lobby Editor, reports (May 7) that the Government campaign to counter social security fraud has saved the taxpayer more than £40m in 1980-81. On April 16 you quoted from a statement by the Legal Action Group to the effect that the amount lost by social security fraud is small when compared with unclaimed benefit, and, further, that the amount pales into insignificance when compared with money lost as a result of tax and VAT fraud. One wonders therefore what, if any, special measures are accordindgly being taken by the Government to save the taxpayer from the very great loss of money due to dishonest VAT and tax practices.

C. Dyson,
12, Churchill Square, Durham.

The Lloyd's Bill

From Mr. N. Parker

Sir, — Further to Mr. Moore's article "Committee looks at Lloyd's Bill" (May 11), *I have come under a good deal* of criticism for my adamant stance on the issue of classification and should like to make my position clear, as one of the petitioners to the Lloyd's Bill.

The main effect of classification is to encourage those labelled external to act outside the sphere of their underwriting agents (it quickly resulted in the formation of the Association of External Members of Lloyd's, for example). Logically, therefore, the only names to benefit by classification would be those who are dissatisfied with their *underwriting agents*. Not being in that category, I most strongly oppose anything capable of undermining the traditional relationship between underwriting agents and their names.

N. Parker,
56 Curzon Street, W1.

The law of restrictive trade practices

From Mr. T. Sharpe.

Sir,—Your comment (April 28) on the law of restrictive trade practices following upon the Office of Fair Trading's action against 11 leading chemical companies is timely but you fall short of any recommendations which will strengthen the law and your account contains an inaccuracy. It is likely that unregistered but registrable restrictive agreements will only cease to be made or maintained if it is no longer *in* the interests of the parties that they should be so. In part their continuance will depend upon the probability of detection, the existence of any public opprobrium following detection, and, most importantly a financial penalty which will negate the gains flowing from collusion. It is hard to believe that widespread or occasional collusion will persist in the face of the *certainty of detection*, the certainty of opprobrium and the certainty of no financial gain, or even of financial loss.

The law restricts the director-general's power of obtaining information to situations where he has "reasonable cause" to *believe that a party is subject* to a registrable restrictive agreement. This provision is found in the Restrictive Trade Practices Act 1976: the last Labour Government gave an undertaking to delete the word "reasonable" but no action was taken. *Comparable powers contained* in the Competition Act 1980, expressly refer to the investigation of an anti-competitive practice which, in turn, is expressed to exclude any material provision of a registrable or registered agreement. On a strict interpretation, and one which is likely to be followed by the courts, the powers in the Competition Act cannot be used, save incidentally and fortuitously, to discover the existence of registrable but unregistered restrictive agreements. The director-general may have a shrewd idea that something is wrong but it will be a matter of luck if the right complainant comes along with sufficient information on which to base a *prima facie* case and thus point him to the parties. It is more likely that the director and a relatively small staff, will rely upon information derived from Monopolies Commission reports or on clever guesses based upon observation. So the first criterion, effective detection, is not likely to be satisfied: the *law leans in the opposite way*.

Public disapproval of anti-competitive behaviour is difficult to gauge: one possible index is the attitude of the offending companies to any employee following discovery of a cartel. It would be interesting to learn of any disciplinary action taken against the guiding management spirits behind a cartel.

But the most important point of all relates to the simple calculus that the certainty of gain from a cartel is matched by the equal certainty (save in a few instances to which you refer, e.g. the Post Office) of no financial loss following discovery. One remedy would be to make such agreements a criminal offence and fine the participants. This is permissible for as long as it is realised, following the American experience, that no jury is ever likely to convict. An alternative is to provide the aggrieved parties with a financial incentive to bring any action to secure compensation, and thus incidentally to generate the necessary information to succeed in the action. The decision to bring an action is therefore decentralised and initiated by those with the strongest interest in securing a remedy. This is one *way of easing the burden on the* OFT's staff and also of allowing those most affected to assert their own priorities as to which agreements are pernicious and those which are less so.

A further change of a technical nature lies in the law of contribution which, at present allows one party to an agreement to recover the damages he has paid to the plaintiff, as plaintiffs, from his fellow wrong-doers. By preventing such a sharing of damages the prospective loss will fall on one party and the disincentive to remain in the cartel is strengthened: and, of course, the fewer members of the cartel there are, the greater will be the probability of the loss falling on any one member and the disincentive effect is yet further strengthened. In addition it may be *useful to effect changes* to the bringing of "class actions" by all or a large number of those affected by the existence of a cartel: this will serve to reduce the costs of bringing an action, increase the prabability of an action being brought and act further *as a deterrent* to the maintenance of a cartel.

The above suggestions are all relatively simple and could be enacted quickly. In the medium term, however, the fact that competition law has become a legal and administrative quagmire, where form dominates effect, and where there is much overlap between the common law of restraint of trade, the Competition Act, the Restrictive Trade Practices Act, the Resale Prices Act, the Fair Trading Act and EEC law strongly *suggests that a recasting of the* law rather than piecemeal change is now due.

Thomas Sharpe,
Wolfson College, Oxford.

Today's Events

GENERAL

UK: Mr. Nicholas Goodison, Stock Exchange chairman, gives opening address at Financial Times conference "Traded Options," 76, Mark Lane, London.

TUC economic committee meets.

PARLIAMENTARY BUSINESS

House of Commons: Social Security Bill, remaining stages.

House of Lords: Debate on housing situation. Short debate on loss of m.v. Derbyshire.

Select Committees: Education. Subject: Funding of Arts. Witnesses: Arts Council, 10.30 am, Rm 6. Welsh. Subject: Scrutiny of Welsh Office departments. Witnesses: Welsh Office Transport and Highways Group. 10.30 am, Rm 18. Industry and Trade. Subject: BSC Corporate Plan. Witnesses: Mr. Ian MacGregor, BSC chairman, 10.45 am, Rm 16. Transport. Subject: Transport in London. Witnesses: London Chamber of Commerce, London Region of CBI, 4.15 pm, Rm 17. Energy. Subject: North Sea oil depletion policy. Witnesses: Department of Energy, 4.30 pm, Rm 6.

COMPANY MEETINGS

Armitage Bros., Colwick, Nottingham, 11. BTR, St. Ermin's Hotel, S.W., 12. R. Cartwright, 75, Harborne Road, Birmingham, 12. William Collins, Westerhill Road, Bishopsbriggs, Glasgow, 11. William Jacks, Pennyhill Park, Bagshot, 11.30. A. A. Jones and Shipman, Narborough Road South, Leicester, 2.15. Laing Properties, Inn on the Park, W, 12. Thomas Robinson, Railway Works, Rochdale, 12. Royal Worcester, Brown's Hotel, Dover Street, W, 12. Senior Engineering, Connaught Rooms, Great Queen Street, WC, 12. Spirax-Sarco, Queen's Hotel, Cheltenham, 12.45.

UK COMPANY NEWS

British Sugar climbs 30% and paying 7.5p interim

PRE-TAX PROFITS of British Sugar Corporation climbed by more than 30 per cent from a restated £13.9m to £18.1m for the half-year to March 29, 1981. Sales rose by £14.4m to £259.6m, while sugar production fell back slightly from 1.15m tonnes to 1.11m tonnes.

As an indication of the board's confidence in the future, the net interim dividend is being lifted from 2.75p to 7.5p per share, which follows a more than doubled final last year of 12.65p. On the current year's total, the board intends to pursue its progressive dividend policy in line with the full-year profit — in 1979-80 taxable surplus was £34.2m.

On a current cost basis, first-half 1980-81 pre-tax profits jumped from £4.3m to £10.3m, while earnings per 50p share of 14p (6p) on this basis compare with historical cost earnings of 27p (22p).

Commenting on the interim figures, Mr. John Beckett, the chief executive, says this is a particularly good result which stems from two key factors.

"Firstly, we are, because of the £150m investment programme producing sugar more efficiently than ever before and secondly, our projections are not blown off-course even in a time of severe recession for many industries," he states.

In the past few months, the EEC has agreed the group's production quota at 1.14m tonnes for the next five years, while four small, and relatively inefficient, factories have been closed down so as to bring its production capacity into line with its quota. Mr. Beckett says these events will strengthen the company's position for the future.

The closure of the factories will be included in the 1980-81 profit and loss account as extraordinary charges of some £13.5m-£8.5m net of tax relief.

Mr. Beckett comments that, "After our rapid increases in market share over the last five years the vital factors now all equate: quotas, beet availability, production capacity and market share."

The group's concentration on achieving the most competitive costs in Europe is beginning to pay off not only in profits but in all aspects of the business, he adds.

Interim pre-tax profits were struck after higher finance charges of £8.2m (£6.6m). Tax was up from £0.7m to £1.9m and with dividends costing £4.5m (£1.7m), retained profits, before extraordinary items, were ahead slightly at £11.7m, against £11.5m.

Regarding the offer for the group from S. and W. Berisford, the British Sugar chairman, Sir Gerald Thorley, will be writing to shareholders shortly to explain fully the reasons why they should reject the offer. In the meantime, holders are told to take no action.

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DIVIDENDS ANNOUNCED

	Current payment	Date at payment	Corre-sponding div.	Total for year	Total last year
Thomas Borthwick ...int.	Nil	—	Nil	—	0.01
Anglo Amer. Coal‡ int.	25§	July 17	36	—	118
Associated Paper ...int.	0.6	July 9	1.21	—	2
Barr & Wallace	2	July 3	4.5	3	6.75
British Sugar ....int.	7.5	June 19	2.75	—	15.4
British Vending Ind. ...	Nil	—	0.7	Nil	1.5
Charles Clifford	Nil	—	4.5	Nil	7.5
Fredk. Cooper ....int.	0.5	June 15	0.38*	—	1.38*
Costain Group	6	July 1	5	10	9
Electrical & Ind.	625	—	495	825§	685
Evered	Nil	—	0.25	Nil	0.7
Hawkins & Tipson ...int.	Nil	—	Nil	—	1
Hong Kong Rubber	26	June 26	30	38	38
King & Shaxson	4.75	—	4	5.75	5
London Pavilion	12.5	—	12.5	12.5	12.5
More O'Ferrall	2.9	July 1	2*	4	2.75*
James Neill	Nil	—	3.64	1.4	5.84
NSS Newsagents ......int.	1.35	July 3	1.2	—	3.4
Oxley Printing	0.1	Aug. 5	1.6	0.1	3.1
Shires Investment	8.8	July 17	7.96	11.8	10.96
Turriff Corpn.	4	July 3	3.75	4	3.75

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. ÷ On capital increased by rights and/or acquisition issues. ‡ S. African cents throughout. § For 15 months.

Smith and Nephew advances

AS ANTICIPATED by the directors in March, at the time of the preliminary figures for 1980, profits of Smith and Nephew Associated Companies improved in the first 12 weeks of the current year, the pre-tax surplus emerging at £6.07m, compared with £5.39m.

Sales, excluding inter-company sales and those by associated companies, rose from £53.96m to £55.76m and the operating profit edged ahead to £6.38m (£6.12m).

The pre-tax profit was struck after interest charges, down from £1.72m to £1.47m, and a share of associates which expanded to £1.17m (£992,000).

The directors explain that the reduction in interest charges reflects the conversion of £1.76m of 8 per cent convertible unsecured loan stock into ordinary capital on May 31, 1980.

The comparable figure for the associates' share has been increased to include a 50 per cent share in the profits of British Tissues—an extra 25 per cent stake being taken after the first quarter results for 1980 were announced.

Stated earnings per 10p share increased from 2.15p to 2.26p after tax of £2.01m (£1.61m). The net balance came through at £4.07m, compared with £3.79m.

For the 53 weeks to January 3, 1981, pre-tax profits were £24.32m (£22.15m).

The group manufactures surgical, medical and sanitary products as well as textiles and clothing toiletries and plastics.

Setback for British Vending

Difficult UK trading conditions plunged British Vending Industries into the red for 1980 on sales increased from £18.24m to £19.51m.

The group, which operates vending machines and manufactures powdered vending ingredients, incurred a pre-tax loss of £186,062 after showing a loss of £66,833 (profit £286,484) at the halfway stage. The directors have decided not to declare a dividend.

In the previous year, the group showed a profit of £420,533 and paid a net total dividend of 1.4p.

The directors say the results were badly affected by the downturn in the UK economy and the consequent rise in unemployment and the high level of interest rates.

Trading conditions continue to be extremely difficult, they add. But considerable reorganisation has taken place this year following the sale of the vending machine operating assets and the acquisition of the Betacater group of companies.

The loss was after increased interest charges of £328,095 (£264,371). There was tax credit of £92,305 (debit £6,527).

CU underwriting losses triple in North America

The Commercial Union Assurance Company has been badly hit by the worsening insurance market in North America, with underwriting losses tripling in the first quarter of 1981 in both the U.S. and Canada.

This led to worldwide underwriting losses nearly doubling in the quarter from £13.5m to £25.2m and pre-tax profits being slashed by over one-third from £26.3m to £16.6m, despite a 9 per cent rise in net investment income from £35.7m to 38.8m.

A much lower tax and minorities charge softened the cut in profit attributable to shareholders which fell 30 per cent from 15m to £12.6m. Earnings per share dropped from 4.39p to 3.07p.

World-wide premium income rose by 5 per cent in sterling terms over the quarter from £349.6m to £367.4m, with an underlying growth rate of 15 per cent allowing for the effects of changes in exchange rates. The underlying growth in investmen income allowing for these changes was 16 per cent.

Premium income in the U.S. increased by 18 per cent, but the underwritig loss jumped from £6.8m to £18.2m. The statutory operating ratio worsened from 103.7 per cent to 109.4 per cent, with the claims ratio to earned premiums moving from 72.5 per cent to 76.3 per cent and the expense ratio to written premiums from 31.2 per cent to 33.1 per cent.

The claims ratio was adversely affected by a rise in domestic and commercial fire losses, including a jump in the number of suspected arson cases. There was also a rise in the number of motor claims, but workers' compensation business continued to be marginally profitable. The rise in the expense ratio reflects the result of implementation costs associated with its long term strategy.

The Canadian underwriting experience deteriorated sharply since the end of last year and underwriting losses tripled from £2.1m to £6.2m, on a premium growth of 15 per cent. The incidence of motor and fire claims rose substantially over the period and in spite of the rate increases in January, the rates are still considered inadequate, perhaps by as much as 30 per cent on some lines of business.

The bright spot in the quarter was in connection with UK business which moved back into profitability. An underwriting profit of £3.6m was recorded against a loss of £1m for the first quarter of 1980, on a 16 per cent premium growth. The CU credits the mild winter for this improvement.

All classes of business, except liability, recorded profits, including the motor account. Nevertheless, the company is putting up its motor premium on June 1 by an average of 15 per cent to meet the anticipated rise in claim costs.

A continued satisfactory performance in motor business in the Netherlands resulted in a modest cut in the underwriting loss from £2.1m to £1.8m. In the rest of the world, there was a poor experience in Belgium and France and in marine and aviation business transacted on the London market.

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Johnson and Barnes calls in Receiver

Johnson and Barnes, the Nottinghamshire-based knitwear company, has asked Barclays Bank to call in the Receiver after continued losses.

The company had also failed to sell its factory site on which conditional planning approval had been obtained.

A week ago, shares in Johnson and Barnes were suspended pending a statement. At the 7p suspension price, the company was valued at £268,000.

In 1979, the company incurred a pre-tax loss of £152,000, following this with one of nearly £230,000 (£71,000) in the first half of 1980. No dividend has been paid by the company—part of Grand Central Investment Holdings, the ultimate holding company being Kuril Plantations Sdn Berhad (Malaysia)—for five years.

Evered omits dividend

Pre-tax losses of Evered and Company Holdings increased from £43,530 to £646,031 for 1980 on turnover down from £13.57m to £11.81m.

In view of the losses, the group, which manufactures industrial and consumer products, plastic materials, locks and security systems and non-ferrous strip tubes and extrusions, is not paying a dividend.

In the previous full year, a net total dividend of 0.7p was paid.

After tax of £2,062 (£17,121) and an extraordinary debit of £273,736 (£225,930) the loss attributable to shareholders was £921,829 (£286,381) and the loss per 25p share emerged at 11.2p (1.1p).

The directors say that at the time of the last annual general meeting they anticipated that after the reorganisation the group would trade profitably in the last quarter of 1980 providing there was no further deterioration in the general economic climate.

Severe destocking, however, cut demand on the company's rolling mill and tube mill by more than 50 per cent in the second half of the year compared with the first three months of 1980.

Borthwick cuts operating deficit

THE TROUBLED meat trading group Thomas Borthwick and Sons reports a considerably lower halftime operating loss of £1.95m, compared with the near £10m seen in the second half of 1979/80. The figure also showed slight improvement on the £2.35m operating deficit at midway last year, but unlike this time, that was reduced to £992,000 at the pre-tax level by a £1.36m associate profits share.

Again there is no interim dividend. A nominal 0.01p was paid for 1979/80.

Mr. R. C. Wheeler-Bennett, the chairman, says a complete reversal of first half fortunes during the rest of the year appears unlikely but, because of the nature of the industry, the figure could alter dramatically if terms of trade turn in the group's favour.

The first half losses last year were chiefly to do with the sharp fall in imported beef prices in America. U.S. prices are still flat but the company's stock position is minimal.

Current problems are concentrated in Australia where there is a shortage of livestock following a long drought. Profitability continues to be affected by high interest rates but in addition profit opportunities have had to be reduced to improve cash flow, the chairman explains.

Measures aimed at lowering the group's gearing have included, where possible, realisation of assets. By the March 31 midyear borrowings had been cut by £18m to £82m by keeping stock levels down and being sold up to the point of production.

"The group is operating within the limits agreed with its bankers and will have further discussions regarding its future requirements later this year," Mr. Wheeler-Bennett says.

Group sales for the six months slipped to £254m (£297m).

The loss per 50p share is stated at 5.78p (5.6p) after a tax charge of £400,000 (£1.02m). Attributable loss emerged at £1.97m (£2.98m) after extraordinary credits of £1.02m (debits £267,000) and minorities of £633,000 (£702,000).

The extraordinary items, this time, included a £922,000 profit on selling part of a marketing agreement in New Zealand, and £428,000 surplus from insurance proceeds on assets destroyed by fire in that country. The gains were partly offset by £686,000 reorganisation costs and £136,000 loss on sale of investment in subsidiaries.

£5m decline, but Costain hopeful

FULL-TIME pre-tax profits of Costain Group, construction and development holding company, are in line with the caution expressed by Mr. C. T. Wyatt, the chairman, at the interim stage. Then he had said there had been a period of consolidation, and although forecasting growth in turnover for the remainder of the year, increased profits would be slower to show.

In the event pre-tax profits for 1980 declined from £47.65m to £42.55m. Turnover rose from £428m to £452m.

The final dividend is raised from 5p to 6p for a total also increased by 1p to 10p net.

Mr. Wyatt says a major adverse factor was the strength of the pound at the end of 1980 compared with 1979, which resulted in a reduction on translation into sterling of overseas currencies of £2.5m.

He says that towards the end of the year there were, and continue to be, firm indications of further growth in turnover. Orders on hand at March 31, 1981 amounted to £530m, of which 48 per cent was attributable to the UK.

His statement adds: "We have a satisfactory level of work in the UK, and have been successful in obtaining additional contracts overseas. Australia is a strong growth area and recent acquisitions there, in the U.S. and Europe are making a contribution to turnover and earnings.

"In spite of the continuing recession, I expect a substantial increase in turnover which will help us to maintain the high level of profit achieved in the last few years."

General trading contributed £42.31m (£45.65m) to the year's pre-tax profits, but property sales were considerably lower at £241,000 compared with £2m. After tax down from £13.22m to £3.98m, minorities of £5.9m (£6.65m) and extraordinary credits of £7.56m (debits of £2.86m), attributable profits climbed from £24.93m to £40.23m. With dividends absorbing £5.56m (£5m), the amount retained came out at £34.67m (£19.92m).

Extraordinary items include a £9.49m provision for deferred tax on stock appreciation relief no longer required and is after charging losses on translation of overseas' currencies and the amortisation of premium on acquisitions.

Stated earnings per 25p share are up 7p to 47p.

The chairman says investment properties in the UK have been revalued, giving rise to a surplus over book values of £18m. With the acquisition of County and District Properties, the total value of such investment properties is £64m.

See Lex, Back Page

YEARLINGS UP

The interest rate for this week's issue of local authority bonds is 12¾ per cent, up ⅛ of a percentage point from last week. The bonds are issued at par and are redeemable on May 19, 1982.

A full list of issues will be published in tomorrow's edition.

Banks support Illingworth

THE UK and foreign banks of Illingworth Morris, the troubled textile group, have agreed to support it by arranging borrowing facilities secured on its assets.

In a surprise statement yesterday, the Yorkshire company said these arrangements, for which no figure was given, indicated "the support given to and confidene felt in the existing management." They would strengthen its existing banking arrangements "and provide a secure financial base for the group."

None of the directors, who all attended meetings in London yesterday, was available for comment last night. Illingworth Morris incurred a £1.5m pre-tax loss in the first half to September 30 of its 1980-81 financial year. Bank interest cost £2.25m.

The company's brief statement said the new banking arrangements would provide facilities "adequate for foreseeable requirements, secured by way of fixed and floating charges over the assets of Illingworth Morris and certain of its UK subsidiaries."

The amounts provided would not be reviewed until May 31 next year and were available through overdrafts, loans, acceptance credits, wool advances or any other means agreed by the banks.

The latest annual report gave Barclays, Lloyds and National Westminster as the company's main banks. It also showed an overdraft of £22.3m, slightly up on the year before. The company's major shareholder is Mrs. Pamela Mason, formerly married to film actor James Mason.

PLACING

James Capel and Company have placed 30m ordinary shares of 5p at 10p per share in First Charlotte Assets Trust.

A full listing has been granted to the company and dealings start today.

SPAIN

May 12	Price %	+ or −
Banco Bilbao	300	−9
Banco Central	358	
Banco Exterior	282	
Banco Hispano	291	−4
Banco Ind. Cat.	124	
Banco Santander	332	−3
Banco Urquijo	186	
Banco Vizcaya	325	−2
Banco Zaragoza	218	
Dragados	154	+4
Espanola Zinc	75	
Fecsa	67	+1
Gal. Preciados	38	+2
Hidrola	73	+3
Iberduero	59.7	+1.2
Petroleos	109	−1.5
Petroliber	88	−2
Sogefisa	81	
Telefonica	64	+2
Union Elect.	70	−0.2

Oxley losses accelerate

LOSSES OF Oxley Printing Group accelerated in the second six months of 1980 and for the year as a whole this printing and platemaking concern incurred a pre-tax deficit of £2.59m, compared with a profit of £674,000.

By midyear the group had fallen from a surplus of £607,000 in to a loss of £1.21m and the directors warned that they did *not expect* any substatnial improvement over the next few months.

Turnover for the year fell back from £28.85m to £27.66m and at the trading level there was a loss of £1.25m against a profit of £1.31m.

For the current year the directors say wth the economic outlook for 1981 still very uncertain it is impossible to establish a reliable basis on which to forecast the months ahead — although "it is quite clear that there will still be substantial trading losses to bear in the first half."

However, they point out that there are encouraging signs emerging and activity in most divisions has picked up as recently as the last few weeks. They add that they remain convinced that, given an upturn, the company will reap the benefit of the substantial capital investment of recent years.

In order to preserve trustee status, the directors are paying a final dividend of 0.1p net after omitting the interim — last year dividends totalling 3.1p were paid.

The pre-tax loss was struck after net interest payable of £1.33m (£617,000) and general redundancy costs in respect of continuing operations which *amounted* to £307,000 (£16,000).

There was a stated loss per 25p share of 37.1p (7p earnings) after tax of £11,000 (£103,000).

After extraordinary debits of £37,000 (nil) and dividend payments of £28,000 (£261,000) the retained loss came through at £2.96m (£310,000 profit).

The heavier interest costs in 1980 reflect higher rates of interest on borrowings increased from £5.7m to £9.9m, primarily to finance capital expenditure of £3.8m committed ahead of the *recession early in 1979. The* remainder was necessary to finance in part the adverse trading conditions, and also the repayment of the £400,000 preference shares.

● comment

To achieve sales of under £28m when a heavy investment programme has raised capacity to £36m is not enviable, particularly when—as for Oxley Printing—the break-even point has risen to well over £30m. Oxley has more than doubled the pre-tax loss it recorded at the interim, as rising debt has conspired with low volume and keen pricing to keep margins negative. Capital spending to which Oxley was already committed in 1979 has coincided with the unfortunately timed redemption of a preference issue to lift borrowings by over £4m, to around twice shareholders' funds. The shares stand at 17p, capitalising the group at £1.3m, about one-third of net assets. The offset printer in Carlisle stands to benefit from an extra £1m of annual turnover when it begins work on the TV Times contract in July, while recent currency movements have had a favourable effect on book orders at Morrison and Gibb. But the dearth of new advertising work must remain a worry.

NSS up 10.5% for first half

IN THE six months to March 29, 1981 sales of NSS Newsagents climbed 24.4 per cent to £59.06m, while pre-tax profits rose 10.5 per cent to £2.82m, against £2.55m last time.

Prospects for the second half, however, are viewed with some caution. The recent substantial increase in tobacco duty has resulted so far in a reduction in demand and also in the tobacco gross margin of almost 2 per cent, but the Board remains hopeful of a satisfactory full-year result.

For the year ended September 28, 1980, record pre-tax profits of £4.59m were achieved, on £97.48m sales.

First-half retail sales increased by 15.5 per cent and wholesale jumped by 56.1 per cent. Although a large part of the latter increase came from Ian Yates, which contributed for only one month in the first half of last year.

After a higher tax charge of £900,000 (£520,000) attributable profits were down from £2.03m *to £1.92m.* Basic earnings per 10p share slipped from 11.4p to 10.7p, but the interim dividend is stepped up from 1.2p to 1.35p net, costing £230,000 (£205,000) —the final last time was 2.2p.

The company is pressing ahead with its expansion policy and there has been a net increase of 11 retail outlets since the start of the year, with further modernisations and extensions to existing premises.

Reorganisation costs hit Associated Paper profits

PRE-TAX profit of Associated Paper Industries slumped from £256,000 to £11,000 in the six months to March 28, 1981 on turnover well down at £16.12m compared with £24.09m.

Of this turnover £1.14m (£7.55m) related to discontinued operations. In the year to September 27, 1980 this Macclesfield-based group, which converts paper, film and aluminium foil by coating and laminating and manufactures paper and stamping foils, made a pre-tax profit of £352,000 on turnover of £44.67m.

Mr. C. F. M. Rawlinson, chairman, says that in recent weeks *there have been signs of a* modest improvement in the level of business. The group has benefited from improvements in the effectiveness of its selling efforts and operating efficiency.

"We remain confident for the future though trading conditions are still far from easy and we still have more work to do to improve our efficiencies."

In the circumstances the Board—while hoping to maintain the full year dividend at 2p per 25p share—has declared a reduced net interim payout of 0.6p (1.21p).

Commenting on the six months' results Mr. Rawlinson says the group concentrated in 1980 on dealing with those businesses which presented the most serious *problems* or in which it felt it should not stay.

"With these difficult decisions behind us we have turned our attention to making major improvements in the efficiency of the continuing businesses."

This involved further redundancies at a cost of £153,000 (£45,000 for the last full year) and a major consultancy exercise at one subsidiary which cost £118,000 (nil). This project was completed in April and of the redundancy costs £131,000 related to this.

Mr. Rawlinson also says the group continued to maintain very tight controls on cash and its total borrowings "remain comfortably within our facilities."

Interest charges for the six months came out at £332,000 (£381,000) and tax is estimated to take £41,000 (nil)

Progress at King and Shaxson

PRE-TAX PROFITS of King and Shaxson, banker, increased from £574,610 to £915,229 in the year to April 30, 1981. The final dividend is raised from 4p to 4.75p for a higher total of 5.75p compared with 5p.

The pre-tax figure is after providing for rebate, tax, minorities and transfer to contingencies.

There was a transfer of £200,000 (£100,000) to the general reserve, and the amount carried forward was £2.03m (£1.88m).

Dorada more optimistic

Mr. Thomas Kenny, chairman of Dorada Holdings, the motor vehicle distribution, engineering and merchanting group, told the annual meeting that results were better than some months ago. "With a little push from incoming orders I could be optimistic for the short term. Without any push I am optimistic for the long term," he said.

However, he reiterated that the first six months to June 30 will show a loss.

Some motor depots had recently returned to profit. Engineering orders were difficult to obtain but the recent order inflow was better than for some time though it lacked consistency.

Merchanting was having a difficult time.

Credit Data £0.64m in the red

Net losses of Credit Data, the credit management group formerly known as British Debt Services, increased to £636,794 for 1980, against £399,719 for the previous 78 weeks. Loss per 10p share was 9.92p, compared with 2.83p.

Extraordinary charges at £345,000, were substantially greater than the forecast of £195,000 made in October with the rights issue. This was because the changeover to full computerisation, which took place in the last quarter of 1980, took longer than anticiapted and was attended with a number of difficulties which have adversely affected trading this year.

As a result of this unanticipated dislocation, the company lost market share which it will take some time to re-establish.

Turnover for 1980 amounted to £2.98m, against £4.88m for the previous period.

Early in 1981 the company entered into discussions with its financial advisers, Barclays Merchant Bank and its clearing bankers, Barclays Bank. The board believes that the additional facilities it has been able to negotiate should be sufficient to overcome the company's current liquidity problems.

The savings in administration costs achieved by computerisation have been reflected in a competitive pricing structure which will further assist in market penetration.

Despite the delay, the board believes that the attainment of the profit levels anticipated at the time of the rights issue is still feasible.

127 companies wound up

Compulsory winding up orders against 127 companies were made by Mr. Justice Dillon in the High Court. They were:

F. Ivory, Wheeler and Mansell, *Jenglade, Homeprove, Deashaw,* Titlebridge, Nortabing; T. J. Relf Car Hire.

Chat Builders, Sargom Distributors (Birmingham), Wadecraft Upholstery, Middlevern, Tzilalis and Co., Bell Salvage, DRM (Entertainments) Company, Keen and Park, Ealdham, Tinker Construction Company, Mid-Berkshire Garages.

Imperial Building Contractors, Anemone Sound Facilities, Jaysquare, Trevarrick Properties, Wingate (Wines and Spirits), Augit (General Engineers), Casting Consultants, T. Byrne (Plant Hire), The Business Exchange, J. Kelly (Building Contractor), Manfields (Removals and Storage).

Olney Investments, Preedex, Ductwork Developments (Northern), Grateworth, Hackworth, F. Westwood, R. White and Sons (Combustion Services), C. Baugh (Landscape), Bidspeed, Cartospat (UK), Orseto, Retford Construction Company, Aquaspray Heating and Plumbing.

Maxwell MacArthur and Co., Astro Camino Armadora S.A., Frank Moxon (1979), Sunvale Developments, Willy Run, Convoyage, Chasemood, Brigray Group, Mavershire, Quay West Marine Services.

Flowlux, Jo Kwan (United Kingdom), Britznau, Radley, Hera and Co., R.S.R. Entertainments, Jet Leisure Sports, Prospect Joinery and Construction, Delilah Pancake Houses.

Crispgate, Bisbertone, R. J. Nicholson and Son, Pamphore, Scanvale, Gregoram, Computer Systems, Bragania, London Smoked Salmon Company.

Spick and Span Homes, J. Law Demolition Services, Weston Building Services, Gruber Automatics, *Brian Ellmore Transport* and Shipping, Salebourne, Midlands Shot Blasting Company, Premier Developments (Holborn), Maplepoint Properties.

Sidmouth Investments, Temptation, East Church Motors, Carty Construction Company, Walthom Management Systems, London Weekend Holidays, R.V.G. Freight Forwarding, R.V.G. Freight Clearance.

G and D Constructions (London), C.A.R. Business *Systems,* Rae Contracts, Mansell Fabrics, Panmark Developments, Merrysthorpe, E. F. Payne and Son, Butler and Leach Electrical.

Leslie Creasey (Old England), Eurotech Management Development Service, Cockmere (Garage) Service, Pasticceria Italiana (Birmingham), Twoees Packaging Company, Tessital (UK), Greenacres Meats, One Stop Distribution (Records and Tapes).

Deeminster (Formerly Grahame Puttick), Cassio Precision (Pennant), Yauco (UK), Benjyboards, Lincrewe, Transcontinental Auto Wholesalers, Ledville.

Willow Farms, Ramula, Pugfor, Humphries and Teasdale, F. A. Rugless and Son, F.A.R.A. (Computer Services), Heel Keel, Deltamanor, E. and R. Appleby (Transport), Vogue by Jack Glazer (1978).

E. Edwards and Co., R. H. Bateman Investments, A. J. Collins Music, Stradside, Gandy Mowats, M.J. Fabrics, Clwyd Contract Cleaners, Target Advertising Sales, Mayfair Epicurean.

EUROPEAN OPTIONS EXCHANGE

Series		May Vol.	May Last	Aug. Vol.	Aug. Last	Nov. Vol.	Nov. Last	Stock
Gold C	$500	16	1	29	52	11	5	$482
Gold C	$525	—	—	25	23 A	25	44	"
Gold C	$550	—	—	12	14 A	4	30	"
Gold P	$475	5	2	22	18	—	—	"
Gold P	$500	6	18 B	—	—	5	38	"
Gold P	$550	—	—	6	66 B	—	—	"
		Jul.		Oct.		Jan.		
ABN C	F.300	6	5	—	—	—	—	F.282
AKZO C	F.17.50	—	—	16	6.40	—	—	F.23.20
AKZO C	F.20	111	3.50	54	4.50	—	—	"
AKZO C	F.22.50	111	1.90	—	—	6	3.50	"
AKZO C	F.25	153	0.80	79	1.80	10	3.30 A	"
AKZO P	F.25	5	2.50	—	—	—	—	
AMRO C	F.55	—	—	10	2.20	—	—	F.55.30
HEIN C	F.50	5	3.20	—	—	—	—	F.51.10
HEIN C	F.55	11	1.60	60	2.50	—	—	"
HEIN C	F.60	15	0.60	6	1.20	—	—	"
HEIN P	F.50	24	1.80	3	2.40	—	—	"
HEIN P	F.55	22	4.50	5	5	—	—	
HOOG C	F.17.50	6	1.30	—	—	—	—	F.17.50
HOOG C	F.22.50	—	—	10	0.70	—	—	"
IBM C	$60	—	—	5	4⅛	—	—	$57⅞
KLM C	F.100	61	18	35	20.50	—	—	F.114.50
KLM C	F.110	54	12.40	—	—	—	—	"
KLM C	F.120	116	8.60	—	—	—	—	"
KLM C	F.130	238	5	16	9.30	—	—	"
KLM P	F.80	3	0.60	—	—	—	—	"
KLM P	F.90	31	1.40	4	3.80	—	—	"
KLM P	F.100	125	4	—	—	—	—	"
KLM P	F.120	30	14.50	—	—	—	—	"
NATN C	F.110	—	—	35	3.90	—	—	F108
NATN C	F.115	31	1.10	—	—	—	—	"
NATN C	F.120	—	—	13	1.50 A	—	—	"
NATN P	F.110	13	5.60	7	6.50	—	—	"
NATN P	F.115	12	10	5	10.50	—	—	"
NATN P	F.120	7	14	—	—	—	—	"
PHIL C	F.17.50	192	3.90	42	4	—	—	F.21.20
PHIL C	F.20	638	1.50	138	2.50	31	3 B	"
PHIL C	F.22.50	21	0.50	490	1.20	20	1.60 B	"
PHIL P	F.20	150	0.80	—	—	131	1.20	"
PHIL P	F.22.50	—	—	6	2.50	—	—	"
RD C	F.90	50	5	—	—	—	—	F.95.10
RD C	F.95	64	3.80	—	—	—	—	"
RD C	F.100	162	2.10	38	4.80	6	6.80	"
RD C	F.110	6	0.90	—	—	—	—	"
RD P	F.80	90	0.70	—	—	—	—	"
RD P	F.95	60	6	—	—	—	—	"
RD P	F.100	11	11	14	11	—	—	"
UNIL C	F.150	5	2 A	4	3.50 A	—	—	F.146
UNIL P	F.135	—	—	4	3.30	—	—	"
		MAY		AUG.		NOV		
BOEI P	$35	25	—	—	3½	—	—	$31⅞
MANN C	DM.140	10	1.70	—	—	—	—	DM.142.10
MANN C	DM.150	—	—	6	3	—	—	"
SLUM C	$100	5	½	—	—	—	—	$97⅞

TOTAL VOLUME IN CONTRACTS 4130

A=Asked B=Bid C=Call P=Put

MINING NEWS

Minister reassures Canadian miners

CANADA'S MINING industry will not be the target of a minerals programme similar to the Ottawa Government's National Energy Programme, covering oil and gas.

This was the reassuring message for mining industry executives from Mrs. Judy Erola, Federal Minister of State for Mines, at the recent annual meeting of the Canadian Institute of Mining and Metallurgy in Calgary, reports John Soganich from Toronto.

"Mining companies have no need to fear," Mrs. Erola said. She quoted more senior Cabinet ministers, who have said that the National Energy Programme will *not apply* to the non-fuel minerals industry, and is not a forerunner of a national minerals programme.

Mrs. Erola said that whereas security of supply in oil and gas has become a worldwide obsession, the Canadian minerals industry is governed largely by international demand, and thus by international pricing.

Beyond that, she pointed out that foreign ownership in the mining industry, at about 30 per cent, "is not of the same magnitude as in the energy sector."

Canada's National Energy Programme aims to achieve majority domestic ownership of the Canadian energy business by 1990, through a system of financial incentives, and to increase the Government's direct participation in the industry.

Profits rise at Atlas

NET PROFITS of the Philippines' biggest copper producer, Atlas Consolidated Mining and Development, for 1980 rose by 5.6 per cent to Pesos 325m (£20m). Mr. Andres Soriano Jr. the company's president, attributed the improvement to higher metal prices and increases in gold and silver production, reports our Manila correspondent.

The full-year figures mask a sharp slowdown in growth during the fourth quarter, however. After nine months, Atlas was 44 per cent ahead of the previous year, but the final quarter produced net profits of just Pesos 22.4m, against Pesos 54.3m in the last three months of 1979.

Amcoal profit well ahead in first three months

BY GEORGE MILLING-STANLEY

SOUTH AFRICA's biggest coal group, Anglo American Coal Corporation (Amcoal), has made an excellln start to the year. Net profits for the first three months were R20.04m (£11.4m), a 12.2 per cent increase over the same stage of 1980, and would have been even higher but for a change of accounting policy.

From earnings per share of 82 cents against 76 cents, Amcoal is to pay a first interim dividend of 25 cents.

The company became a subsidiary of Anglo American Corporation of South Africa on January 1 of this year as a result of its acquisition of Natal Anthracite Colliery, and its year-end has been changed from December 31 to March 31. The current accounting period will thus cover 15 months, and Amcoal has already said that two interim dividends will be paid. The present payment is covered 3.3 times.

Mr. Graham Boustred, Amcoal's chairman, said yesterday that he expects the improvement in earnings over the first quarter to be maintained for the full 15-month financial period.

The accounting change concerned the amortisation of mining assets. Shareholders were told in the last annual report that in future the group's coal producing subsidiaries would amortise the cost of their mining assets by equal charges over the estimated life of each colliery, with a maximum of 30 years.

In line with this policy, Amcoal has deducted R3.03m for amortisation before striking the pre-tax profit figure for the three months. Without this deduction, net profits would have been 29.2 per cent higher than for the corresponding period of 1980.

Total sales of coal for the quarter were 8.36m tonnes, slightly above the 8.27m tonnes for the first quarter of last year, and coke sales fell slightly to 121,000 tonnes from 122,000 tonnes.

The shares dipped £½ in London yesterday to £15¼ in advance of the results.

	Quarter ended 31.3.81 R000	Quarter ended 31.3.80 R000
Turnover	136,773	106,956
Profit before amrt., deprec., tax	38,556	29,912
Amort. of mining assets	942	809
Profit before tax	34,588	29,103
Tax	12,672	9,673
Profit after-tax	21,916	19,430
Outside holders	1,875	1,574
Attributable	20,041	17,856
Dividend (25 cts.)	6,110	—
Shares in issue	24,439,890	23,491,438
Earnings per share (cents)	82	76

Metramar in gold dump treatment plan

AUSTRALIA'S Metramar Minerals is to go ahead with a project to process gold-bearing waste dumps at the Wiluna gold mine.

A feasibility study has indicated that the project should realise an overall surplus of A$7.8m (£4.2m) with gold at A$400 per ounce, and A$17.7m at a gold price of A$500. Bullion was at around A$425 yesterday.

The study indicated that a recovery grade of around 0.5 grammes of gold per tonne was possible. Metramar intends to set up a plant to treat a total of 6m tonnes of waste material at a rate of 1.2m tonnes a year.

The company is also investigating the possibility of treating 500,000 tonnes of coarse sand residues, grading about 1.25 grammes of gold per tonne, 400,000 tonnes of calcine tailings grading an estimated 7.28 grammes per tonne and about 3,000 tonnes of other material grading a rich 37.1 grammes of gold and 85 grammes of silver per tonne.

IMC seeks oil-shale partner

AUSTRALIA'S International Mining Corporation has started negotiations with major oil companies with a view to joint venture participation in IMC's oil-shale discovery at Mount Coolon in Queensland.

In the latest quarterly report IMC also discloses that farm-in discussions with major companies are continuing for exploration over IMC's oil-shale areas at Alpha and Blackall, also in Queensland.

A bulk sample from the Mount Coolon deposit has been sent to Lurgi in West Germany for comprehensive testing of the production potential of oil from the Mount Coolon shale. Drilling on the Mount Coolon deposit recommenced at the end of April.

Regarding the oil-shale deposit at Yacamunda, announced during February, IMC says although cores have not yet been obtained for analysis the chip samples are similar in all respects to those of the Mount Coolon prospect. IMC has contracted to drill 5,000 metres at Yacamunda, which is located 20 km south of Mount Coolon.

The quarterly report reveals that during the period IMC raised A$320,000 by a placement of shares and that A$173,043 was spent on exploration and drilling. An ADR listing in the U.S. was obtained on March 16.

International Mining's shares, hard hit by the recent troubles at the Rundle oil-shale deposit, fell 3p to 45p yesterday. They have been as high as 85p during the year.

China open to foreign help in coal mining

FOREIGN CO-OPERATION in developing China's vast coal reserves is still welcome, a Chinese delegate told Monday's meeting of the World Mining Congress in Peking.

The new China News Agency quoted *Fan Weitang*, president of the Chinese Research Institute of the Science of Coal Mining, as telling delegates from more than 20 countries that China would remain "open to foreign countries in the development of the coal industry."

The country has proven reserves of 640bn tonnes of coal, and 1980 output was 620m tonnes. This was about 2.4 per cent down on the figure for 1979, and the target for this year has been cut to 600m tonnes.

Coal accounts for almost three-quarters of China's energy resources.

ROUND-UP

The Johannesburg Consolidated Investment group's Western Areas gold mine in South Africa has resumed production after a fire at a power station on the night of May 6 halted production in the north shaft.

The mine gave no indication of the amount of production lost, but said that output from the south shaft was gradually increased during the five days the north shaft was out of action.

* * *

The dividend for the Zimbabwe-registered Afex Corporation, formerly Rhodesian Corporation, was incorrectly reported in these colums last week. Following a fourfold rise in profits for the year to September 30, 1980, Afex is to pay a dividend of 1.25 Zimbabwe cents (0.88p).

* * *

Australia's MIM Holdings and Triako Mines will each take a 50 per cent stake in the Lady Loretta lead-zinc prospect in north-western Queensland. The companies said they hope this agreement will speed up the development of the mine, which is still in the pre-development stage.

* * *

Standard Metals of the U.S. is to carry out exploration work on a large area of gold mining claims at Cripple Creek, Colorado, adjacent to property currently being mined by Texasgulf.

In 1973, drilling in the area encountered a modest grade of 5.3 grammes of gold per tonne over a width of 30 feet.

Wankie price increase refused

THE ZIMBABWE Government has refused to grant a price increase for coal and coke to the Anglo American group's Wankie Colliery, and has called for a review of its Coal Price Agreement with the company.

Wankie applied to the Government for a price increase when first-half profits fell to a level which indicated that the company would not achieve a pre-tax return of 12.5 per cent on domestic sales, the level guaranteed by the terms of the agreement.

The coal company's problems are compounded by the fact that it has arranged a loan of U.S.$20m (£9.5m) from the International Finance Corporation towards the financing of a new Z$128m open-cast coal mine. This represented the IFC's first investment in Zimbabwe.

This loan, and others from commercial banks, were arranged on the basis that the Coal Price Agreement would be honoured, Wankie said yesterday. The IFC has been told of the current position.

HALLAM GROUP

The Hallam Group of Nottingham preference dividend for the first half of 1981, due June 30, 1981, will not be paid. The company, which makes system buildings, is held jointly by Montague L. Meyer and May and Hassell.

BASE LENDING RATES

A.B.N. Bank	12 %	■ Guinness Mahon	12 %
Allied Irish Bk.	12 %	■ Hambros Bank	12 %
American Express Bk.	12 %	Heritable & Gen. Trust	12 %
Amro Bank	12 %	■ Hill Samuel	§12 %
Henry Ansbacher	12 %	C. Hoare & Co.	†12 %
AP Bank Ltd.	12 %	Hongkong & Shanghai	12 %
■ Arbuthnot Latham	12 %	Keyser Ullmann	12 %
Associates Cap. Corp.	12 %	Knowsley & Co. Ltd.	14 %
Banco de Bilbao	12 %	Langris Trust Ltd.	12 %
BCCI	12 %	Lloyds Bank	12 %
Bank of Cyprus	12 %	Mallinhall Limited	12 %
Bank of N.S.W.	12 %	Edward Manson & Co.	13 %
Banque Belge Ltd.	12 %	Midland Bank	12 %
Banque du Rhone et de la Tamise S.A.	12½ %	■ Samuel Montagu	12 %
Barclays Bank	12 %	■ Morgan Grenfell	12 %
Beneficial Trust Ltd.	13 %	National Westminster	12 %
Bremar Holdings Ltd.	13 %	Norwich General Trust	12 %
Bristol & West Invests.	13 %	P. S. Refson & Co.	12 %
Brit. Bank of Mid. East	12 %	Rvl. Bk. Canada (Ldn.)	12 %
■ Brown Shipley	12½ %	Slavenburg's Bank	12 %
Canada Perm't Trust	13 %	E. S. Schwab	13 %
Cayzer Ltd.	12 %	Standard Chartered	‖12 %
Cedar Holdings	12 %	Trade Dev. Bank	12 %
■ Charterhouse Japhet	12 %	Trustee Savings Bank	12 %
Choulartons	12 %	TCB Ltd.	12 %
C. E. Coates	12 %	United Bank of Kuwait	12 %
Consolidated Credits	12 %	Whiteaway Laidlaw	12½ %
Co-operative Bank	*12 %	Williams & Glyn's	12 %
Corinthian Secs.	12 %	Wintrust Secs. Ltd.	12 %
The Cyprus Popular Bk.	12 %	Yorkshire Bank	12 %
Duncan Lawrie	12 %		
Eagil Trust	12 %		
E. T. Trust Limited	12 %		
First Nat. Fin. Corp.	14½ %		
First Nat. Secs. Ltd.	14½ %		
Robert Fraser	12 %		
Antony Gibbs	12 %		
Greyhound Guaranty	12 %		
Grindlays Bank	‡12 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 9%, 1-month 9¼%. Short term £4,000/12 months 11.85%.
† 7-day deposits on sums of £10,000 and under 9%, up to £50,000 9¼%, and over £50,000 10½%.
‡ Call deposits £1,000 and over 9%.
§ Demand deposits 9½%.
‖ 21-day deposits over £1,000 10½%.

Dissident group sells 22% Lilleshall stake

A GROUP of dissident shareholders, led by Mr. Jerrold Moser, a London solicitor, has sold its 22 per cent stake in the Lilleshall Company, a Shropshire-based steel and engineering group.

This move comes almost six months after an unsuccessful attempt by Mr. Moser, representing Nominal and Overseas Agencies (Jersey), to remove three of the directors from the Lilleshall board and have a nominee appointed.

Mr. Moser had complained that Lillehall—in which Lord Granville, a director, has a 47 per cent stake—was run more like a private concern than a public company.

He alleged the interests of minority shareholders had been treated with "high-handedness and disdain." His main criticism concerned the composition of the board and the group's trading performance.

Lilleshall announced yesterday that Nominal had disposed of its 210,000 shares (9.55 per cent). The rest of the dissidents' holding in the company was under the name of Overseas Agencies and Mr. Moser confirmed these shares had also been sold. All the shares were placed with a number of institutions.

Mr. Moser said yesterday there had been no accord with the Lilleshall board on any point the group endeavoured to make. "We were bashing our heads against a brick wall.

"We felt it was unjust that a company could be controlled in this way," said Mr. Moser. But he said he was faced with the alternative of "grasping the nettle and going ahead with legal proceedings" or withdrawing.

A meeting was held with the Lilleshall board and its merchant bankers, Hill Samuel, and it was decided the shares should be disposed of by way of a placing with investment clients.

Mr. Moser said the decision to sell the shares had been influenced by the lack of support he had received from the other minority shareholders. If there had been some encouragement from them "we might have proceeded."

In March this year, Mr. Jeff Richards resigned as group managing director of Lilleshall. Mr. Alan Price, the chairman, is retiring from the board and is replaced by Mr. Jeffrey Price.

At the end of April, the group reported a drop from £404,000 to £306,000 in pre-tax profits for the year to December 27, 1980. The result was hit by a turnround from a profit of £84,000 to a loss of £151,000 by the steel rolling division.

Commodity broker sold by Bowater

Mercantile House, the finance and investment house, is buying *the R. J. Rouse commodity-broking* business from Bowater which agreed in March to sell most of its Ralli Group commodity business to Cargill of the U.S.

Mercantile will pay £1.42m in cash and issue 255,000 of its own shares to Bowater to acquire R. J. Rouse and Co., R. J. Rouse Hong Kong, and R. J. Rouse, Inc., which earned combined pre-tax profits of £1.09m last year. Net assets at end-1980 totalled £1.18m.

Rouse operates in London as a broker in coffee, cocoa, sugar, rubber and metals. Its business is complementary to that of Mercantile's Chicago subsidiary, Woodstock Commodities International.

Stone-Platt to dispose of propeller business

Stone-Platt—the ailing textile machinery and engineering group which recently underwent a capital reconstruction—is selling its fixed-pitch propeller business for £3.5m at a net loss on book values of some £900,000.

The buyer is Vacu-Lug Investments, a private UK company, and its North American associate. The deal marks Stone-Platt's first major asset disposal since it sold its pump division to Indian Head of the U.S. for over £11m last November.

Vacu-Lug, based in Lincolnshire, is partly owned by a former chairman of Stone-Platt's marine and mechanical division, *Mr. John Langham.*

The sale, under which £3.1m will be paid on completion and the rest, with interest at 10 per cent over five years, was foreshadowed in the reconstruction document in March. The proceeds are net of £500,000 tax and expenses.

Stone-Platt said it will also benefit from the release from borrowings of overseas subsidiaries of around £700,000. Vacu-Lug will lease the premises and other fixed assets of the business at Birkenhead at an initial £90,000 a year from 1982.

These assets had a book value at *end-December of £900,000;* Vacu-Lug will have the option to buy them for £1.2m up to the end of 1985 and for £800,000 after that.

Stone-Platt said full provision for the book loss on the sale was made in its 1980 accounts. The sale proceeds will help cut short-term borrowings.

In current conditions, the likely interest savings on the sale's net proceeds would exceed in a full year the 1980 contribution from the fixed-pitch propeller business.

Savoy valuations 'too late'

IN THEIR REPORT with the full accounts for 1980 the directors of the Savoy Hotel group say an *up to date valuation of the* group's properties was not ready in time to be included.

The revaluation is likely to be one oft he group's main arguments in its defence against the revised £67.2m bid from Trusthouse Forte. Savoy has already rejected the offer as "inadequate and unacceptable."

The directors state that as the valuation was not ready in time, the preparation of current cost accounts has been deferred for one year. The Stock Exchange has been informed of this. The absence of CCA figure is noted in the auditors report.

Dunlop buys out freeholds

Dunlop Holdings has agreed terms with the Norwich Union Insurance Group for the purchase of 58 freehold and 20 long-leasehold tyre distribution depots.

These depots, currently occupied by National Tyre Service, the Dunlop UK tyre group's distribution and retail company, were previously held on shorter-term leases subject to periodic rent review.

The ownership of these establishments will facilitate the development and expansion of the National Tyre Service distribution network in the UK.

The total consideration will be £3.68m to be satisfied by the issue of 5,056,600 new ordinary shares in Dunlop Holdings. These shares have been placed by Panmure Gordon and Co. at 73p per share, ex dividend.

Savoy Hydro receives offer

Savoy Hydro has received from Queens Hydro Blackpool (1975), an offer of £15 for each ordinary share and 60p for each preference share, conditional upon the purchaser obtaining not less than 51 per cent of the ordinary shares. Formal offer documents are to be despatched to shareholders in due course.

GOODE DURRANT

Mr. R. Oosterwyk has disposed of his total holding of 14.61m shares (60.84 per cent) in Goode Durrant and Murray Group. These shares have been acquired by Mr. A. Smith and constitute his total holding in the group.

Mr. Oosterwyk has left Arawak Trust Company (Cayman) and has been replaced by Mr. Smith.

STURLA HOLDINGS/ FIRST GUERNSEY

Acceptances to the offer by Sturla Holdings for First Guernsey Securities Trust have now been received in respect of 447,631 shares (89.53 per cent). *The offer is now unconditional* and remains open.

Move to lift share suspension

THE CHIEF executives of South Crofty, a Cornish tin mining company, and Milbury, a *housing development company,* had a meeting with Mr. Christopher Eglington, the chairman of the Quotations Panel yesterday to seek a restoration of the share quotation of the two companies which were suspended by the Stock Exchange last Friday.

Mr. Malcolm Stone, chairman of Saint Piran, the parent company, said the representations made by Mr. Paul Mihalop of South Crofty and Mr. Donald Smith of Milbury were "favourably received" by the panel.

These will be considered by *the panel and a further meeting* with Mr. Mihalop and Mr. Smith has been arranged for tomorrow. Mr. Stone said the chief executives were optimistic about the outcome of the talks.

The Stock Exchange suspended the listings after legal control of Saint Piran and the two subsidiaries (South Crofty and Milbury) passed to Gasco Investments, the master company of Mr. Jim Raper, a former Saint Piran chairman.

Gasco's bid of 60p per share for Saint Piran went ahead despite a ruling from the Takeover *Panel last year that an offer of* 85p per share should be made. The offer has received acceptances of around 66 per cent and became unconditional last *Friday.*

Explaining the share suspension, the Stock Exchange said on Friday it considered it "undesirable that a company having securities listed on the Stock Exchange should be under the ultimate legal control of Gasco and Mr. Raper."

After the suspension, Gencor Group, South Africa's second *largest mining company,* announced it had instructed its solicitors to present a petition to wind up Saint Piran on "just and equitable grounds."

Saint Piran announced yesterday that the petition had been presented to Court.

Backing for Lesney in U.S.

Lesney Products, the loss-making Matchbox toys manufacturer, announces that its U.S. subsidiary—Lesney Products Corporation—has completed new financing arrangements.

The company was not prepared to disclose the amount involved but said that the arrangements "ensure that the company has adequate finance available for the next two years." The *arrangements were made through* A. J. Armstrong and Security Pacific.

The statement said that the major changes which have taken place in the U.S. and in the group have permitted it to make significant reductions in over*heads, inventories and borrowings* while maintaining quality and service thus ensuring future viability.

The group, which has recently undergone a major management reshuffle, reported a loss of £3.76m for the year ended January 31, 1980 (£5.1m profit). In the first half of the current year losses had increased to £5.95m. The directors were looking to a significant improvement by the year end with the main impact of measures taken showing through in 1981-82.

CARLESS CAPEL

Carless, Capel and Leonard has paid £130,000 cash for 65,000 new shares in M. P. United Drug Co. of Thaxted, Essex, being 52 per cent of the revised issued capital.

Harrisons U.S. purchase near completion

Harrisons and Crosfield, the plantations, chemicals and timber group, expects to complete its $50m (£24m) purchase of part of North American Philips' *chemical business at the end of* this month.

The UK company said yesterday that it had now signed a definitive agreement on the deal, which it first announced in February.

Harrisons is buying the indust*rial chemicals, textile main*tenance, and pest control operator divisions of Thompson-Hayward Chemical Company.

This will give the UK group businesses which last year had sales of some $200m on which a gross return of over 15 per cent was achieved.

CORONET EM

Coronet EM, part of the Crest Nicholson group, has acquired the Calorex Heat Pumps business for £170,000 as an addition to its range of pumps, generators and concrete blockmaking machines.

Espley-Tyas lifts stake in Wakefield property site

Espley-Tyas Property Group has increased its stake in a Wakefield property site by pur*chasing shares from directors of* a subsidiary company.

Espley-Tyas, the property group put together earlier this year by Mr. Ronald Shuck, has agreed to acquire from Mr. P. J. Gilman's Albancrest and from Mr. G. B. Gregory their holdings in Espley-Manston, a 51 per cent subsidiary. The purchase of 20 ordinary shares in Espley-Manston will cost £250,000 and will bring the parent company's holding up to 71 per cent.

The purchase consideration will be satisfied by the payment of £25,000 in cash and the issue of 163,043 Espley-Tyas ordinary shares at 92p to Albancrest. Mr. Gregory is to receive £60,000 and 6,304 Espley-Tyas ordinary shares. Further consideration not exceeding £100,000 will be paid on a deferred basis. This payment will be due upon com*pletion of the first phase of the* Co-operative Insurance Society Development of the Wakefield 41 estate. The consideration is to be satisfied by the issue of further ordinary shares in Espley-Tyas.

Mr. Ronald Aitken, a director of Espley-Tyas, said yesterday that the deal was designed to consolidate the company's interest in the Wakefield site. Another part of the deal, according to Mr. Aitken, would be the acquisition of 55 per cent of the share capital of Manston Development Group.

This stake will be purchased from the ICFC and Mr. F. J. Briggs, of Manston. The total consideration would be £275,000, of which the ICFC would receive £50,000. Mr. Briggs would receive 244,565 ordinary shares *in* Espley-Tyas (at £92p).

Manston's net assets as at December 31 were £1m and its pre-tax profit last year was £200,000. Its turnover was £11.53m, of which £10m related to construction and the balance to development. According to Espley-Tyas, Manston's 1981 turnover will be between £15m and £18m.

The final part of yesterday's deal is a series of option arrangements with Mr. Gilman, chief executive of Manston, and Mr. Gregory. Under these arrangements Espley-Tyas will acquire the remaining 45 per cent of Manston by September 30, 1984. The value of the transaction will be certified by the auditors of Manston.

Upon the completion of the acquisition of 55 per cent of the equity of Manston, Mr. Gilman will join the board of Espley-Tyas.

Hanson bid for Downing

Mr. David Skailes, assistant managing director of G. H. Downing, which on Monday received a £12m bid from Hanson Trust, has informed the Downing Board that although for purely family reasons he has committed his shares to Hanson, he fully supports the Board's rejection of the offer.

This statement drew a sharp reaction from Hanson yesterday. *The company said* "it was astonished to learn" of Mr. Skailes position after he had irrevocably agreed on May 8 to accept Hanson's 200p cash offer for his shares.

Apart from Mr. Skailes, Hanson said that it reached agreement with Mr. Robert Hollingshead, a long term non-executive director of Downing, who agreed to accept in respect of 0.8 per cent of the equity, and Mr. I. M. D. Skailes, a senior executive of the company, who committed over 4 per cent of the Downing equity to Hanson.

Hanson said that their agreement was reached at a meeting on the evening of May 8 which they all attended and during which a full discussion took place as to the merits of Hanson's offer. The agreement was made on the understanding that Hanson would make the offer to all shareholders.

Mr. Kenneth Downing, son of the founder of Downing, and a former director of the company, whose immediate family trusts agreed to accept as to 12.73 per cent of the equity, stated yesterday that he believed that the offer is "full and fair and takes into account the static record of Downing and the immediate and future prospects."

SHARE STAKES

Automated Security (Holdings)—London Trust has disposed of 100,000 shares leaving holding 700,000 (7.75 per cent).

Epicure Holdings—L. Brealey, director, has disposed of 100,000 shares at 28p leaving holding 200,000 (1 per cent).

S. Pearson and Son—M. W. Burrell, director, has sold 300,000 shares; M. J. Hare, director, has sold 10,000 shares.

Gillett Brothers Discount—London Trust Company has sold 50,000 shares, reducing holding to 200,000 (7.33 per cent).

Eucalyptus Pulp Mills—Johnsen Jorgenson and Wettre has bought 25,000 shares making holding 15.61 per cent.

Bowthorpe Holdings—R. A. Parsons, director, has disposed of 100,000 shares at 180p leaving holding 401,420 (1 per cent).

Browne and Tawse—J. P. Kyd has reduced his interest from 714,423 shares to 711,923 (6.93 per cent).

Godfrey Davis (Holdings)—Trustess of the C. A. G. Redfern Settlements have acquired 625,000 shares making holding 2,199,021 (14.55 per cent).

Better than expected at Turriff

ALTHOUGH pre-tax profits of **Turriff Corporation**, engineering contractor, fell from £1.37m to £1.25m in the year to end-December, 1980, the directors say the result is "substantially better than anticipated at the time of the interim statement."

There had been a fall from £336,000 to £242,000 in first half profits. Group turnover rose from £38.74m to £55.76m during the year.

The board says the company's liquid resources are at a very satisfactory level.

There was an increase from £1.27m to £1.45m in attributable profits before extraordinary items, and the dividend is raised from 3.75p to 4p and absorbs £178,000 (£179,000). Extraordinary items totalling £642,000 (£558,000) comprise provision of £364,000 against net assets in Iran, and group re-organisation and redundancy costs of £278,000. There was a tax credit of £203,000 (charge £76,000).

Stated earnings per 25p share are up from 29.2p to 33.2p.

The pre-tax profit on a CCA basis is reduced to £273,000 (£440,000) which includes a gearing adjustment of £37,000 (£157,000). Earnings per share are 6.19p (9.65p) on this basis.

Cedar Tst.

Net revenue before tax of **Cedar Investment Trust** for the half year to the end of March 1981 fell from £1.14m to £1.09m. Gross revenue for the period came out at £1.2m compared with £1.26m.

The directors have declared an interim dividend of 1.7p (1.5p) per 25p share and anticipate a final payment of 2.9p (2.65p). The net asset value per share is stated at 122.2p (90.2p).

Tax for the six months took £382,422 (£371,448).

SelecTV to place 42% of its shares on USM

SelecTV, a new company which is to provide pilot subscription television services in Milton Keynes, Northampton and Tredegar, is coming to the Unlisted Securities Market by way of a placing of 42 per cent of its shares to raise £1.1m.

The greenfield venture does not expect to make a trading profit in the two-year period covered by its licences from the Home Office, but counts on the experiment being a success and the licenses being renewed.

The subscription or pay TV service, which will be offered through existing cable TV lines, will consist mainly of 25 to 30 feature films a month recycled about four times a month in six hours of daily transmissions.

The monthly subscription fee will be about £8 and SelecTV will charge a £20-£25 fee for installing the signal decoder.

Based on its market research in the licence areas, the company estimates that at least 13,000 households out of a potential 35,500 will subscribe to the service in the first three years. Operations are expected to begin this autumn.

If the UK experiment does not work out, the company is the exclusive agent for the Telease encoding and decoding equipment for Belgium, the Netherlands, Luxembourg and Norway. It is also non-exclusive agent in Australia.

A pro-forma balance sheet shows net tangible assets of £1.1m including £50,000 in development costs to date and licence rights. The company expects its capital requirements in the first three years of operation will be £1.2m, mainly to pay for decoders that will be rented to customers.

The chairman of SelecTV and prime force in its creation is Mr. Mark Shelmerdine, who is also chairman of London Film Productions, which has co-produced such BBC drama series as Poldark, I Claudius, and Thérèse Raquin.

The placing is on the basis of 279,000 ordinary shares at £4.40 a share, followed immediately by a nine-for-one scrip, making the issue effectively one of 2.79m shares at 44p.

The scrip was necessary because the company had inadequate reserves prior to the placing. Also immediately after the placing, small amounts of preference and founders shares will be redeemed leaving only 6.6m ordinary shares, of which 42 per cent are in the placing, 23 per cent are held by institutions who invested in the company last autumn and the remainder by the directors and other founders.

The placing has been made by Margetts and Addenbrooke, East, Newton. Dealings begin in the USM on May 20.

● comment

Pay-TV has been a big success in the U.S. and it will probably thrive in this country as well, if given a chance. The growth of the video cassette market in the past year indicates the extent to which people want to watch current feature films at home, and the proposed SelecTV rates seem to be competitive with the videos. Problems are more likely to arise on the public policy side than on marketing. The Home Office is requiring at the outset that at least 30 per cent of the product shown be of EEC origin. If the service is successful, the Government may well be more demanding than the U.S. authorities have been in requiring operators to channel a significant portion of their income back into the support of British talent through the financing of new films. But public demand will probably be strong enough to enable the pay-TV operators to maintain good margins anyway. Although there is little prospect of profit in the first two years, and none for dividends, the SelecTV shares should move to a premium when dealings begin. However, subsequent dealings are likely to be quiet until there is some indication of the success of this experiment.

Hawkins & Tipson £0.47m loss

WITH TURNOVER down by £2m to £8.13m Hawkins and Tipson plunged into the red in the six months to February 20, 1981, incurring a loss of £476,000, compared with a profit of £206,000.

The directors blame the deficit largely on losses by the wire division. However, they point out that wire rope production has now ended and is being undertaken for the division by Glover Brothers (Mossley), a subsidiary of Capper Neill, using drawn wire manufactured by the division.

They state that current sales figures indicate an arrest in the serious decline experienced in the last 18 months. Exports are running at 40 per cent of total sales, against 34 per cent for the year to end-August, 1980.

The loss was struck after a nil tax charge (£223,000), which left a stated loss per 25p share of 5.48p (2.37p earnings), the comparisons being adjusted.

There is again no interim dividend—last year a final of 1p net was paid when taxable profits dived from £459,000 to £268,000.

Extraordinary debits for the half year before tax totalled £408,000 which represented redundancy, closure and similar costs arising from the last stage of the extensive reorganisation and modernisation programme undertaken over the past two years.

Also included were provisions arising on the disposal of the overseas associates, the cash proceeds of which will be receivable in the second half.

Through further reductions in working capital total borrowings have been reduced to £2.9m, compared with £3.1m at the end of August, 1980.

Apart from wire products the group also manufacturers ropes and outdoor furniture.

Substantial fall at James Neill

A LOSS of £641,000 in the second half, following on the setback at midyear, sent 1980 pre-tax profits of James Neill Holdings, the tool and engineering group, diving from £2.85m to £282,000. To conserve resources the company is passing the final dividend.

Turnover was little changed at £51.4m (£51.9m) with the export content marginally up at £14.5m (£13.8m). But destocking by customers seriously reduced orders leaving sales volume down.

In addition margins were undermined by the strength of sterling both on exports and at home because of competition from imports. Pre-tax performance was also hit by a jump in interest costs of £0.55m to £2.83m.

On a current cost basis there was a loss of £2.84m before tax.

The group is budgeting for lower sales volume but improving profitability in 1981. Orders during the first quarter have generally been ahead of budget says Mr. Hugh Neill, the chairman.

However, he points out that the budget is for a very low level of orders at the start of the year and much higher level later.

At the trading level profit fell from £5.48m to £3.77m with the UK contribution down at £3.77m (£5.18m) and a loss of £2,000 (£302,000 profit) overseas. The exceptional costs of reducing the scale of activities increased to £670,000 (£416,000).

Stated earnings per 25p share slumped to 1.1p (12.4p) after tax of £65,000 (£600,000). No final leaves the payout for the year at 1.4p (5.842p) net but the board hopes there will be sufficient improvement in outlook over the next few months to justify paying an interim for the current period.

Retained profit emerged at £38,000 (£381,000) after an extraordinary gain of £92,000 (£193,000 debit) and dividend costs down from £1.15m to £264,000.

Comparatives have been restated.

● comment

James Neill has stripped the effect of replacement cost depreciation out of its comparable figures, which seems quite reasonable given the implementation of full CCA, but no amount of change can disguise the painful experience of 1980. Recovery will not be swift. The budget for the current year is for a 5 per cent volume fall even against last year's levels, or 75 per cent of the rate of activity in 1979. The difference this year being that Neill, like various other companies, has trimmed its direct overheads across the board to the point where it is confident of producing profits on planned throughputs. the group says that demand probably bottomed out on a very low base three months ago but it is by no means certain if, or how far, the upturn can be continued. It is still carrying a high proportion of short time working, despite last year's shake-out, and debt in the last balance sheet stood at £17.5m against net worth of £29m. Stock reduction will help but the dividend decision, difficult as it undoubtedly was, looks understandable in the absence of any tangible sign of organic recovery. Full dividend restoration, costing over £1m, looks some way off and as it is the reduced interim still yields about 6 per cent at 35p, down 1p yesterday.

RESULTS AND ACCOUNTS IN BRIEF

SAVOY HOTEL—Results for 1980 already known. Shareholders' funds £16.99m (£16.09m). Fixed assets £22.11m (£23.43m). Net current assets £491,027 (£262,377). Working capital increased £563,000 (£226,000 decrease). Meeting, Savoy Hotel, WC, June 1, noon.

ANGLO SCOTTISH INVESTMENT TRUST—For half year to March 31, 1981 gross revenue £897,507 (£1,071,507). After tax £225,265 (£271,043), net revenue £405,636 (£545,164). Earnings per 25p share 1.24p (1.67p). As known, net interim dividend 0.9p (same). Net asset value 92.8p (81.9p at September 30 1980).

JOVE INVESTMENT TRUST—Net Net asset value per capital share as at April 30, 1981, was 7.25p

DANAE INVESTMENT TRUST—Net asset value per income share as at April 30, 1981, was 43.19p.

18—18—18—18—

FINLAY PACKAGING GROUP—Results for 1980 reported April 16. Fixed assets £1.14m (£1.17m). Net current assets £1.71m (1.55m). Bank overdraft nil (£92,000). Shareholders' funds £2.71m (£2.54m). Chairman says value of sales for first three months of 1981 has been maintained, but faced with substantially higher labour costs from April, the full year is viewed with caution. Jefferson Smurfit Group holds 19.88 per cent of shares. Meeting, company's registered office, Belfast, June 3, noon.

SHIRES INVESTMENT COMPANY (investment trust)—Pre-tax profits for year to March 31, 1981, £434,646 (£415,544), tax £134,238 (£138,119). Earnings per 50p share 11.95p (11.11p). Final dividend 6.8p making 11.8p (10.96p) net total. Net asset value per share 152.08p (138.1p).

LONDON PAVILION (cinematograph manager)—Dividend 12.5p (same) net for 1980. Pre-tax profits £72,412 (£75,843), tax £26,539 (£33,563), earnings per £1 share 35.29p (32.52p).

18—18—18—18—

I. J. DEWHIRST HOLDINGS (clothing manufacturer)—Results for year to January 16, 1981, reported April 16. Shareholders' funds £7.71m (£6.51m). Fixed assets £5.04m (£4.54m). Net current assets £3.02m (£2.08m). Chairman says company should increase profit in first half of current year and is hopeful of further progress for full year. Meeting, York, June 12, noon.

JAMES BEATTIE (department store operator)—Results for the year to end-January 1981, already known. Shareholders' funds £10.74m (£9.08m), fixed assets £4.55m (£4.45m), net current assets £7.21m (£5.99m). Retained historical profits o £1.42m reduced to £728,542 on a CCA basis. Meeting, Wolverhampton, June 2, 2.30 pm.

AMALGAMATED METAL CORPORATION (subsidiary of Preussag AG)—Results for 1980 reported April 27. Sharholders' funds £30.04m (£30.28m). Fixed assets £9.79m (£9.84m). Net current assets £22.49m (£25.11m). Bank borrowing £21.66m (£24.63m). Bank deposits and cash £6.67m (£5.17m). Meeting, Winchester House, EC, June 4, 10 am.

ELECTRICAL AND INDUSTRIAL INVESTMENT COMPANY (member of B.E.T. Group)—Pre-tax income for 15 months to March 31, 1981 £1.3m (£1.05m for 1979); tax £335,443 (£252,038). Earnings per £1 deferred ordinary stock 952p (791p); final dividend 825p making total of 825p (685p). Retained profits £127,391 (£108,239). Net aset value £138.44 (£115.17).

SCOTTISH TELEVISION (TV programme contractor for central Scotland)—Results for 1980 reported April 4. Shareholders' funds £11.17m (£9.77m); fixed assets £9.07m (£7.31m); net current assets £2.1m (£2.47m). The accounts for 1980 show that the highest paid director received £36,479 (£25,130). Meeting, Glasgow, June 5, noon.

H. BRAMMER AND CO. (distributor of bearing and transmission equipment)—Results for 1980 reported on April 8 1981. Fixed assets £5.76m (£5.28m); net current assets £18.22m (£16.11m); shareholders' funds £22.31m (£20.43m); bank balances and cash £1.22m (£580,000). Meeting, Glaziers Hall, London Bridge, June 3, at noon.

PENTOS (holding company with bookselling, publishing and leisure interests)—Results for 1980 and prospects reported March 12. Shareholders' funds net of goodwill £14.3m (£15.69m); fixed assets £11.98m (£10.26m); current assets £40.74m (£40.92m) including stock and work in progress £21.54m (£21.86m); current liabilities £28.97m (£28.27m) including bank borrowings £4.94m (£3.59m); medium term bank loans £8.16m (£7.51m). Meeting, 247/257 Euston Road, NW, June 4, noon.

BEAUFORD GROUP (heavy machine tools and plant manufacturers)—Results for 1980 reported on April 25. Shareholders' funds £1.5m (£1.88m); fixed assets £1.47m (£1.79m); net current assets £840,868 (£1.25m). Historic pre-tax profit of £37,189 turned into a loss of £245,000 on CCA basis. Chairman says the engineering and machine tool divisions have operated profitably so far this year. He views the future with guarded confidence and expects to pay a dividend. Meeting, Huddersfield June 2 at noon.

NEWARTHILL (civil engineering and building, property and investments)—Results for year ended October 31, 1980 already known. Sharehplders' funds £71.81m (£50.83m). Fixed assets £38.42m (£30.96m). Net current assets £17.16m (£14.97m). Net liquid funds increased £3.04m (£12.05m decrease). Meeting, The Imperial Hotel, WC, May 28, at 12.30 pm.

CORINTHIAN HOLDINGS (financial services, textiles and printing)—Results for 1980 reported April 29. Current cost pre-tax profit £323,000 against historical £622,720. Shareholders' funds £3.34m (£2.74m). Group fixed assets £783,424 (£816,793). Net current assets £2.95m (£2.4m). Meeting, Clifton Foard Hotel, W, on June 1, at 11.15 am.

ALTIFUND—Gross revenue for year to March 31, 1981, £565,246 (£514,470), net revenue £351,686 (£323,274) after tax £154,162 (£146,166). final dividend on income shares 8.75p making 13.75p (12.5p), net asset value per income share 103.24p (102.81p). Board proposes that both income and capital shares of 50p be split into shares of 25p.

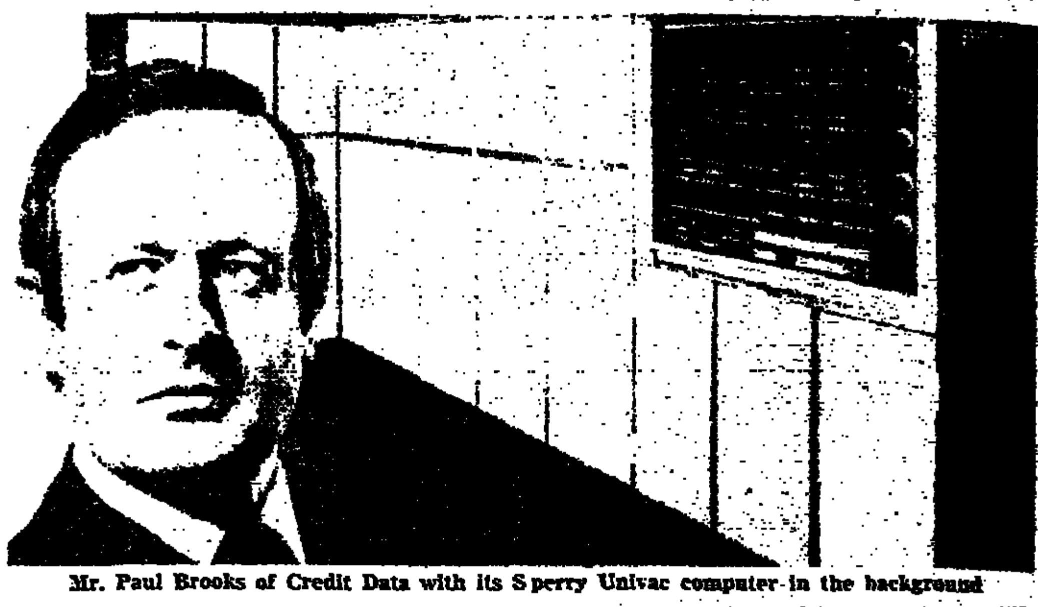
CONTINENTAL UNION TRUST (investment trust)—Results for year to end of March, 1981. Revenue before tax £1.53m (£1.55m); tax £497,642 (£504,972). Final dividend 4.25p (same), making 6.25p (6p) for the year. Interim forecast 2p. Net asset value per 25p share was 210.8p (152.7p).

Rhys David reports on a credit reference company

Computer system may turn Credit Data's fortunes

BEHIND the blackened facade of a former warehouse in the centre of Manchester is housed one of the biggest private stores of computerised information on individuals held anywhere in Britain.

The information belongs to Credit Data, a little-known public company but one whose services are used every week by up to 450 retailers, mail order houses, finance groups, and public utilities. Its team of more than 200 girls, working shifts, can call on more than 10m items of information about the people for clients seeking to decide whether or not a potential customer is a good credit risk. Information on file about individuals can be called up in not much more than a second and each operator is capable of processing up to 70 telephone enquiries an hour.



Mr. Paul Brooks of Credit Data with its Sperry Univac computer in the background

Credit Data's recent investment in a Sperry Univac computer system has cost around £2m. It is a very significant development in the controversial but rapidly-growing credit referencing business. The computer is replacing thousands of filing cabinets containing the millions of index cards previously used to record details of county court judgments unpaid after 28 days—information purchased from the Lord Chancellor's office at a bulk rate of £25 per 1,000.

All this data—together with other information such as bankruptcy listings—has now been brought together, too, for the first time under one roof. In the past 18 months Credit Data has closed down regional offices in Chesterfield, Birmingham, Cardiff, Glasgow, London and Newcastle, reducing staff from 1,000 to only 300.

Clients who used to ring these offices to check customers still ring a local number as before but are then routed along British Telecom "out-of-area" lines to Manchester, for the cost of a local call. Other inquiries come into Manchester by telex, and by post, or in the case of the very large mail order houses are picked up in bulk by Credit Data's vans for processing when the telephone workload—usually at its peak at weekends—is slack.

The result of introducing this new system is a much faster service to the customer and—Credit Data is hoping—a revolution in its own recently rather troubled fortunes.

The publicly-quoted company, which the present chairman, Mr. Paul Brooks, a Manchester solicitor, helped to found 10 years ago, acquired by reverse takeover in 1976 the much larger and older established group British Debt Services (BDS), and has been engaged since then in sorting out its problems. BDS at the time of the take-over had debts totalling more than £2m as a result of an unwise attempt to expand its debt purchasing and reclamation activities. Following the installation of the computer Credit Data is forecasting savings of around £750,000 a year, mostly as a result of the saving in staff. This in turn could pave the way at some point for renewal of the company's share quotation, suspended since the BDS takeover.

Apart from its effect on Credit Data itself, however, computerisation is likely to be important and controversial for a number of other reasons, not least the new technical possibilities which it opens up in the credit referencing field. Credit Data has, for example, begun offering its big retail customers the facility to link up with its computer and carry out directly their own creditworthiness checks.

The company has also announced its intention of gathering and storing details of credit contracts not in default. This practice already operates in the U.S. where credit referencing is a substantially bigger business than in Britain with a much higher number of references per head of population each year.

Such a development would, according to Mr. Brooks, make it possible to provide a full positive profile of individual consumers, showing, for example, that they had satisfactorily met their obligations under all their previous hire purchase contracts. "This will enable our subscribers in consumer credit to trade with greater confidence, and expand their credit operations on the basis of more information," he argues.

Competitive

Perhaps just as significantly, however, new services of this sort are expected by Credit Data to give it a competitive advantage in credit referencing itself, a sector it now largely shares with the United Association for the Protection of Trade. This Skelmersdale-based body, which is managed by a committee drawn from its major retail users, moved over to a microfiche system in 1978 which enabled it to increase its market share at Credit Data's expense. Apart from these two companies the only other credit referencing operation of any size in the UK is run by Great Universal Stores to cover its own retail and mail order activities.

But while computerisation is regarded with understandable enthusiasm by Credit Data, the existence of data banks of this sort and the possible misuse of the information stored within them remains a matter of concern to various public pressure groups. Partly for this reason—and to enable Britain to sign the Council of Europe's convention on data protection—the British Government recently announced plans to introduce legislation in this field.

Perhaps surprisingly, Mr. Paul Brooks for Credit Data strongly welcomes this, while at the same time defending the role played by credit referencing in the overall economy as a source of protection both for retailers and honest customers.

Mr. Brooks himself went into credit referencing more or less by accident. "We found in our solicitors' practice we were sueing 6,000 people a year for payment of debts, and in very many cases the courts were saying the plaintiffs had been wrong to extend credit in the first place," he observes.

As a further defence of the business he points out that roughly 20 per cent of all the customers Credit Data is asked to check on by retailers turn out to have had county court judgments registered against them for previous non-payment of debts, while 12,000 new judgments are made each week. Retailers—who are likely to be paying up to 56p per inquiry—nevertheless find referencing much cheaper than subsequently pursuing a defaulting customer through the courts, Mr. Brooks says. "The honest customer benefits, too, because he is not having to pay the extra costs that would otherwise be loaded on to goods to cover bad debts."

At the same time the company is understandably anxious to stress the safeguards for the individual built into its systems. Potential confusion, for example, between individuals bearing the same name—and the possibility this could lead to credit being wrongly refused—is minimised by use of an "address first" listing and searching system. When a retailer, using his special security coding, phones through for information Credit Data's operators call up the address given. If information, such as a county court judgment, is filed against this address, the operator will then check that the name is as given by the client. A further check can also be made against the electoral register; a set for the whole of the UK is also held in the Manchester office.

Safeguards

The use of a computer has actually made it possible to build in further safeguards into the system, Mr. Brooks argues. The computer presents all information available so that there is no danger of the client being given only a partial record as could happen with filing cards. The computer will also only accept information for storage and will only supply it if the correct address is given.

Credit Data—like other bodies in the same field—is already also subject to licensing by the Office of Fair Trading under the 1976 Consumer Credit Act.

Under the Act members of the public are entitled on payment of a small fee—set by the OFT at 25p—to find out what information is held on file about them and they are allowed by the company to correct or add to the details—a right exercised on average, according to Credit Data, by about 7,000 people a year. The proven mistake rate out of some 9m credit references a year has been running, company officials claim, at about 40, though clearly there may be other people wrongly refused credit who fail to pursue the matter. After five years details of unpaid county court judgments are automatically taken out of the system, with bankruptcy listings going after 10 years.

To allay public concern, Credit Data bound itself some time ago to a code of practice, anticipating one of the requirements of the proposed new data protection legislation. The company has undertaken, for example, to store information only on credit matters, and does not concern itself with other details such as criminal offences or matrimonial arrangements. It subscribes, too, to the "corral" principle—in other words the data it gathers on credit will only ever be made available to the credit trade.

Retail power

It is a battery of safeguards which Credit Data hopes will persuade the public that there is nothing sinister or dangerous about credit referencing and that the advent of computer techniques in no way increase the risk of wrongs being done. What seems certain is that even if the public never learns to love the idea, as a business it is going to go on growing, helped by the increasing concentration of retail power in the hands of big groups which use credit referencing and by the growth of credit use. The banks themselves use credit referencing to check on potential Barclaycard and Access customers.

Credit Data's ultimate answer to critics is that it deals in facts rather than judgments and has a 99.9 per cent accuracy record. "We do not give retailers advice on whether or not to give credit. We give them the facts with which they can decide whether or not it would be wise to do so," Mr. Brook says.

More O'Ferrall 30% increase

TAXABLE PROFITS of More O'Ferrall, the advertising and ancillary services group, increased by more than 30 per cent in 1980 from £2.79m to £3.68m on turnover up from £11.53m to £13.86m.

The board has proposed an increased final dividend of 2.9p (2p adjusted for one-for-one scrip issue) making a net total for the year of 4p—an increase of 45 per cent over the previous year's adjusted total of 2.75p.

A scrip issue of one-for-three ordinary shares is also being proposed.

The directors say the group should show a satisfactory profit this year. So far 1981 has been difficult in all markets, but turnover in the first quarter has held up.

After the first six months of last year, the group showed a profit of £1.83m, against £1.37m in the previous year.

Earnings per 10p share emerged at 15.7p, compared with 10.8p, and the retained profit was £1.6m (£990,000) after dividend payments of £520,000 (£366,000).

On a current cost basis, the profit before tax was reduced to £3.33m.

● comment

Despite the recession, More O'Farrell's growth rate eased only silghtly in the second half. The group continued to benefit from advertising budgets set before the recession began to bite and even managed to keep rental rates ahead of cost increases. Unfortunately, the group's five-year profit growth trend seems about to be broken. So far this year, all markets are in recession, forward bookings are weak and revenues are slightly down on last year's levels. Profit will probably end up a little lower than last year but the financial and competitive position remain very strong. The directors seem unconcerned about the Monopolies Commission report on roadside advertising that is expected to be published at the end of June, as does the market. The shares rose 2p yesteday to 152p where the historic fully taxed p/e is 10¼ and the yield on the well covered dividend is 3.8 per cent.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims:—British Industries and General Investment Trust, Jessups, Northern Indusrial Improvement Trust, Trafalgar House.

Finals:—Bulmer and Lumb, Carter Rydor, City of Oxford Investment Trust, Coats Patons, Ellis and Goldstein, External Investment Trust, Frank G. Gates, Hoskins and Horton, Nurdin and Peacock, Seccombe Marshall and Campion, Transatlantic and General Investment, Wight Holdings.

FUTURE DATES

Interims:—

Concentric .... May 21
Grand Metropolitan .... May 15
Greenall Whitley .... May 28
McCorquodale .... June 3
Yorkshire & Lancashire Iv. Tst. .... May 19

Finals:—

Atlas Electric and General Tst. .... May 14
Buckley's Brewery .... May 28
Courtaulds .... May 28
Geers Gross .... May 20
Leech (William) .... May 14
Normand Electrical .... May 28
Parrish (J. T.) .... June 9

● RICHARD LAMBERT DISCUSSES THE SPATE OF RIGHTS ISSUES

May-day calls for £150m

IN THE stock market, supply rises to meet demand. When investors were chasing share prices ahead in London last month, shortages of stock played a big part in some of the sharper price gains. In the end, the FT 30-Share Index jumped by 69 points in April, and ended the month within a fraction of the 600 mark at 597.3.

Almost as night follows day, this sharp rally has brought a stream of new equity offerings to the market in recent days, which in turn has contributed to a reaction in share prices generally.

Even in busy times, it is rather unusual to have more than one big rights issue in the space of a week. But news of Cadbury-Schweppes £57m issue yesterday followed a £36½m offering from European Ferries on Monday, and a £22½m issue by Barratt Developments the previons Friday.

Taken with a £30m issue from Northern Engineering just over a week ago, the month of May has already brought announcements of rights issues totalling around £150m. This compares with under £130m in the whole of the first quarter of 1981.

There are more to come. To maintain an orderly market, the Government Broker organises an informal queue of potential issuers on behalf of the Bank of England. At present, this seems to be pointing to a relatively busy period over the next couple of months.

Stockbrokers Phillips and Drew are forecasting that rights issues in total this year will rise to around £1.5bn. This would compare with £1.2bn in 1980 and £800m in 1979, and would be the highest figure ever—at least in nominal terms. The previous peak was £1.3bn in 1975.

Of course that was a much bigger figure in real terms. It represented something like 3½ per cent of the average value of the FT-Actuaries All-Share Index during the year, which is far greater than anything likely in 1981. On current figures, Phillips and Drew's forecast would represent under 2 per cent of the All-Share.

In a sense, the striking feature is not so much that rights issue activity now is particularly high, but rather that in the first quarter of this year it was very low.

After all, the ingredients for a growing stream of issues had been apparent for some little while. Share prices moved ahead during the second half of 1980, at a time when many companies had every reason to strengthen their balance sheets.

Sure enough, the third quarter of last year brought issues of around £370m, and the final three months saw rights issues totalling roughly £500m.

One reason for the slow start to 1981 was that other forms of equity issue were on offer. According to Midland Bank statistics, companies raised a respectable £410m in ordinary share capital between January and March. The offer for sale of British Aerospace in February swallowed up £150m.

There is a seasonal explanation, too, for this year's pattern of issues. Given the choice, companies like to announce issues along with, or immediately after, their annual profit statements. This saves the risk and expense of making earnings forecasts.

The second quarter of the year is the busiest season for results announcements, and for this reason often sees the biggest concentration of rights issues.

There are no signs so far of any indigestion among the underwriters. But the violent swings in share prices are making it tricky to price the issues, and in one or two cases underwriters are starting to hold their breath. For instance, shares in Rowntree Mackintosh have fallen sharply since its £42m issue was announced at the end of April, although they are still just above the underwriting price.

Although the volume of issues is picking up, this is by no means an open season. In 1980, there were very few large rights issues from the heartland of British industry. More recently, the strength of share prices in the manufacturing sector has encouraged more industrial companies to call on their shareholders.

But only a handful of big engineering companies—like Northern, IMI or Spirax-Sarco—have been able to point to the kind of short-term trading and dividend prospects necessary to support a new issue. And several companies have made it clear that a prime motive has been to raise funds to make acquisitions overseas, usually in the U.S.

Troubled giants, like Guest Keen, have to find other ways of reshaping their balance-sheet, by shutting loss-makers and selling peripheral businesses. What we are not seeing in the current crop of rights issues is the recapitalisation of British industry.

LONDON TRADED OPTIONS

May 11 Total Contracts 996

Option	Ex'rcise price	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	Equity close
BP	360	52	15	66	5	78	—	388p
BP	390	34	1	48	12	60	—	"
BP	420	19	12	36	—	—	—	"
BP	460	9	2	—	—	—	—	"
Com. Union	140	31	—	36	6	40	—	126p
Com. Union	160	16	77	20	—	24	4	"
Com. Union	180	7	26	10	—	14	10	"
Cons. Gold	500	27	—	40	1	58	—	478p
Cons. Gold	550	12	10	26	4	—	—	"
Courtaulds	50	18	28	19½	—	—	—	65p
Courtaulds	60	10	8	13½	56	14½	8	"
Courtaulds	70	5	30	8½	4	10	11	"
Courtaulds	80	1½	4	5	—	7	31	"
GEC	600	77	—	95	1	—	—	660p
GEC	650	40	5	60	—	85	—	"
GEC	700	16	8	32	—	53	—	"
Grand Met.	180	23	1	28	2	35	—	195p
Grand Met.	200	10	45	17	—	25	1	"
Grand Met.	220	3	1	11	—	16	—	"
ICI	240	74	10	80	—	—	—	302p
ICI	280	38	4	42	1	56	1	"
ICI	300	26	12	32	7	46	10	"
ICI	330	12	8	18	4	32	4	"
Marks & Sp.	110	35	1	40	1	—	—	138p
Marks & Sp.	120	25	—	32	20	—	—	"
Marks & Sp.	130	16	4	23	—	38	—	"
Marks & Sp.	140	9½	25	16	6	20	—	"
Shell	330	72	5	82	—	—	—	388p
Shell	390	28	18	40	—	50	—	"
Shell	420	15	—	26	2	—	—	"
Totals			360		150		80	

Option	Ex'rcise price	May Closing offer	May Vol.	August Closing offer	August Vol.	November Closing offer	November Vol.	Equity close
Imperial Gp	60	16½	11	19	—	20	—	75p
Imperial Gp	70	7	35	10½	7	11	—	"
Imperial Gp	80	1½	—	4½	120	6	—	"
Lasmo	550	42	3	75	1	100	2	584p
Lasmo	600	20	31	50	10	72	—	"
Lasmo	650	3	—	35	4	48	3	"
Lasmo	700	1½	—	25	18	30	10	"
Lasmo	750	½	—	6	1	—	—	"
Lasmo	800	¼	—	3	3	—	—	"
Lonrho	90	4½	56	10	28	13	—	92p
Lonrho	100	1	104	5½	47	8	35	"
Lonrho	110	1½	—	3	20	4½	25	"
P & O	130	10½	3	16½	5	21	—	140p
P & O	140	3½	40	10½	7	15	5	"
P & O	160	1½	—	4½	20	8	6	"
P & O	180	1½	—	2	—	4½	18	"
Racal Elec.	300	76	5	85	—	—	—	375p
Racal Elec.	330	46	1	59	—	72	—	"
Racal Elec.	360	16	15	39	5	52	—	"
Racal Elec.	390	3	60	13	13	32	—	"
RTZ	454	79	1	—	—	—	—	525p
RTZ	494	32	11	—	—	—	—	"
RTZ	500	—	—	57	10	65	3	"
RTZ	550	15	2	36	9	52	—	"
Totals			378		185		107	

Charles Clifford in the red

A sharp reduction in sales from £11.88m to £9.22m forced Charles Clifford Industries, non-ferrous metals manufacturer, into a pre-tax loss of £305,000, compared with profits of £188,000 last time.

The directors, in view of the losses, have not proposed a dividend. In the previous full year, the group paid a net total dividend of 7.5p.

After a poor start to 1981, trading has recently improved, say the directors. They expect a profit in the second half of this year after a small loss in the first half.

The directors say the group suffered badly from the recession, which came in the middle of a major reorganisation.

At the halfway stage of last year when the group had fallen to a pre-tax loss of £124,000, compared with a profit of £215,000, measures adopted indicated the company would break even in the second half.

However, orders continued to fall in the last quarter and an attributable loss of £200,000, including extraordinary items of £46,000, was sustained in the second half compared with an attributable loss of £584,000 in the first half.

The directors say the reorganisation is now virtually complete.

Tax took £36,000 (£43,000) and after an extraordinary debit of £381,000 (£115,000), the loss attributable to shareholders was £722,000, compared with a profit last time of £30,000.

The loss per £1 share emerged at 30.2p, compared with earnings last time of 10.7p.

● comment

The carefully laid plans of Oliver Jessel's new management team at Charles Clifford appear to have gone awry. The group's £½m downturn into the red is a disappointing performance and it will be lucky to stay out of loss this year. Volume suffered a 50 per cent drop in November-December and workers were on a three-day week for the last quarter. Despite a trading improvement in March, volume is still down 25 per cent. One third of Clifford's net worth has been extruded from its balance sheet since the rights issue just over a year ago; shareholders' funds are now £2m. The group lost £100,000 in the first quarter of the current year and will probably lose between £150,000 and £200,000 for the first half. The optimistic 1979 dividend of 7.5p has been eliminated and shareholders should not expect a payment this year.

Fredk. Cooper

In the half-year to January 31, 1981, Frederick Cooper (Holdings) went into the red with a pre-tax loss of £254,791 compared with a profit of 341,483 in the corresponding period of the previous year. Turnover was also down at £6.05m, against £7.25m.

The interim dividend is effectively raised from 0.375p to 0.5p—last year's total was an equivalent 1.375p.

There was a nil tax charge against £79,040 last time.

Barr & Wallace into loss

Turnover of Barr and Wallace Arnold Trust increased from £77.31m to £91.92m for 1980 but the group slipped to a pre-tax loss of £50,443, against a profit of £1.9m, after a sharp rise in interest charges.

A final dividend of 2p (4.5p) has been declared, making a net total of 3p for the year, compared with 6.75p last time.

After the first seven months, the taxable profits of the group had already fallen from £1.3m to £34,871, but the directors still anticipated a small surplus for the year.

The chairman says that rationalisation policies have reduced the company's short-term borrowings by £3m and he is hopeful that this year's results will show some improvement.

Last year, the Leeds-based group, which is involved in holiday tours, car sales and computer bureaux, suffered interest charges of £2.05m (£1.05m).

Attributable profits were £1.48m (£1.49m) after a tax credit of £1.54m (debit £412,796) and an extraordinary debit of £13,129 (nil). Stated earnings per 25p share emerged at 24.8p against 25p last time.

On a CCA basis the attributable balance is reduced to £779,000 (£667,000).

UCB - Brussels
1980

The following statement by MR. A. JAUMOTTE, Chairman, serves as an introduction to the Directors' report. The shareholders' General Meeting will be held on the 9th June 1981.

The European chemical industry has suffered an economic recession, which started after the first quarter of 1980. In this situation, UCB has achieved a satisfactory position.

Despite the difficult general economic situation since the second quarter of 1980, the turnover of UCB has increased by 13%, compared with 1979. The Pharmaceutical Sector increased its sales by 17% compared with an increase of 6% in the previous year. The sales of the Film Sector have increased by 17%, but this has been largely due to the effect of changes in relative currency values; the sales of the Chemical Sector increased by 7%.

Due to a favourable first half and to the performance of the Pharmaceutical Sector, the Group has achieved a positive result. Profit after tax amounted to BF 219 million, compared with BF 330 million in 1979.

The Film Sector and the Chemical Sector made losses of BF 197 million and BF 43 million respectively, compared with a slight profit in 1979. The loss of the Film Sector includes expenditure of BF 90 million and a provision of BF 40 million for risks and costs, these two amounts being due to continuous structural changes in this Sector, which has faced fundamental problems since 1975. The accounts last year already included a provision of BF 100 million for the same purpose.

The Pharmaceutical Sector made a profit of BF 412 million, compared with a profit of BF 234 million in 1979. The main reason for this has been the enormous clinical success of Nootropil (R), particularly in Germany, Belgium and France, but also elsewhere in the world.

The Group has had to face many unfavourable circumstances. The high rates of interest current in Europe and in the USA, together with the increase in prices of raw materials and energy, with their effect on wages and salaries, have adversely affected our results. This situation is particularly worrying in Belgium, where our main production, sales, research and administration units are located, employing between them 55% of the Group's personnel. The absence of corrective measures to restrain these cost increases is disquieting.

In Great Britain, where our largest assets outside Belgium are located, the Government has taken energetic measures to combat inflation and improve productivity. The high level of the pound sterling has been a serious handicap to the export efforts of British Sidac Limited, but has increased the value on consolidation in Belgian francs of the balance sheet and turnover of our four British subsidiaries, British Sidac Limited, Sidex Limited, Pakcel Converters Limited and T. and R. Graham Limited.

We remain confident in the future. The significant investment programme of BF 1,575 million, which we started at the end of 1979, has already been largely completed and is progressing according to plan.

May I also remind you that your Board has, in December 1980, approved an investment programme for 1981 amounting to BF 1,179 million, which is designed to adapt our three sectors to the deep and rapid changes in their respective markets.

These investments should help us to overcome a difficult year in 1981, through improvements in production costs, and to be ready for the economic upturn expected in 1982. I am happy to be able to demonstrate to you in this way the determination of our Group to continue its development.

BRIEF SURVEY OF UCB GROUP

In million BF and £ sterling	1978 BF	1978 £	1979 BF	1979 £	1980 BF	1980 £
Net sales of the Group	17,733	303.2	20,390	326.9	22,994	304.0
	(+3%)		(+15%)		(+13%)	
Personnel employed on the 31st December	8,642		8,349		8,106	
Own funds†	4,176	71.4	4,476	71.8	4,554	60.2
Cash flow††	882	15.1	1,312	21.0	1,139	15.1
Investment during year	745	12.7	615	9.8	1,118	14.8
Research expenditure	579	9.9	575	9.2	640	8.5
Loan & financial charges	370	6.3	344	5.5	394	5.2
Taxation	69	1.18	141	2.3	126	1.7
Profit/loss after tax	55	0.9	330	5.3	219	2.9
Profit/loss after tax in % of own funds	1.3%		7.4%		4.8%	

In BF and £ sterling per share	1978 BF	1978 £	1979 BF	1979 £	1980 BF	1980 £
UCB share in						
Own funds	3,424	58.5	3,731	59.8	2,832	37.4
Cash flow	770	13.2	1,093	17.5	930	12.3
Profit/loss after tax	59	1	271	4.3	174	2.3
Extreme quotations of UCB s.a.'s stock	1,400-870	23.9-14.9	1,830-1,156	29.3-18.5	1,535-970	20.3-12.8
Number of UCB s.a.'s shares at 31st December	1,099,360		1,099,360		1,113,326	

† Own funds include: outside interests, subordinated loan(s) and investment grants.
†† Cash flow includes: depreciation, investment grants received, movements in provisions for risks and losses in value and profit/loss after tax.
Rates of exchange used: 1978 £1 = BF 58.48 1979 £1 = BF 62.37 1980 £1 = BF 75.63

Copies of the 1980 Annual Report (in English, French or Dutch) can be obtained on request from:

UCB s.a. Public Relations Dept., Avenue Louise 326 BTE 7
B-1050 Brussels (Belgium) Tel: (010) 322 641 14 11 Telex: 21 280.

APPOINTMENTS

New head at BSI

Mr. D. G. Spickernell is to become director general of the BRITISH STANDARDS INSTITUTION on July 1 in place of Dr. G. B. R. Feilden, who will be retained as a consultant and be a member of the board until his formal retirement in February, 1982. Mr. Spickernell has been director technical, BSI since 1976 having been director general, quality assurance, Ministry of Defence, from 1971 to 1975.

★

Mr. C. D. T. Fitch, Mr. P. N. Harrold and Mr. R. P. Owens will join the partnership of CARR SEBAG AND CO., stockbrokers, from May 16.

★

Mr. T. D. Ward and Mr. C. D. Willment have become partners of SHEPPARDS AND CHASE, stockbrokers, and Mr. W. Hargreaves has retired from the partnership.

★

Sir Michael Herries has been elected chairman of the court of directors of SCOTTISH WIDOWS' FUND AND LIFE ASSURANCE SOCIETY. He succeeds Mr. E. H. M. Clutterbuck, who becomes deputy chairman.

★

Mr. Cecil Clothier, Parliamentary Commissioner for Administration (Ombudsman), has appointed Miss Jean Horsham as his deputy in succession to Mr. H. McKenzie Johnston, who is retiring. She will take up her new post on May 18.

★

The Secretary for Trade has appointed Sir Alan Neale as a new part-time member of the MONOPOLIES AND MERGERS COMMISSION until April 30, 1984.

★

Mr. M. R. Luthert, an executive director of Lloyds Bank International, has been appointed chairman for 1981/82 of the BRITISH OVERSEAS AND COMMONWEALTH BANKS' ASSOCIATION in succession to Mr. R. S. T. Robbins. Mr. D. L. Murison is the deputy chairman.

★

Mr. J. B. Corrin has been elected chairman of the ANGLIA BUILDING SOCIETY succeeding Mr. John Porter, who remains on the Board. Mr. Roy Duncombe becomes vice-chairman.

★

Mr. Norman S. Bergel, formerly an associate director, has been appointed an executive director of ORION BANK. Mr. George Thiel, previously a financial consultant in Paris, has also joined the bank as executive director.

★

Mr. Ken Elliott has joined the Board of VGL INDUSTRIES, Chessington, as financial director and company secretary.

Companies and Markets

CURRENCIES, MONEY and GOLD

$ very strong

Dollar rose sharply in late European trading following news that the U.S. Federal Reserve had intervened to drain reserves from the banking system with Federal funds trading at 18½ per cent. Eurodollar interest rates also closed higher, after showing a firmer trend at the opening, and the U.S. currency finished around its best levels of the day, touching the highest point for several years against several major currencies, including sterling, the D-mark, French franc and Italian lira.

Sterling fell to its lowest closing level for 18 months against the dollar, and also lost ground to most European currencies, including the Swiss franc and members of the EMS.

European currencies continued to weaken against the dollar, influenced by the sharp fall of the French franc and the rise in U.S. interest rates.

DOLLAR — trade-weighted index (Bank of England) rose to 105.9 from 104.6. Dollar touched a peak of FFr 5.5350 against the French franc, the highest level for about 10 years, before closing at FFr 5.5340, compared with FFr 5.5025 on Monday. It rose to a 3½-year peak of DM 2.2960 against the D-mark, and finished at DM 2.2955, compared with DM 2.2830. The dollar rose to Y219.75 from Y217.85 in terms of the yen, but the Swiss franc was much stronger than other major currencies, with the dollar closing almost unchanged at SwFr 2.0750, compared with SwFr 2.0760.

STERLING — trade-weighted index (Bank of England) fell to 98.9 from 99.3, after standing at 98.9 at noon, and 99.1 in the morning. The pound opened at the day's high of $2.101-2.1020, and fell to a low of $2.0870-2.0880, before closing at $2.0875-2.0885, the lowest closing level since November 8, 1979.

D-MARK—Strongest member of the European Monetary System, but the sudden fall of the French franc has led to sales of D-marks by central banks to maintain agreed EMS limits, causing the Germany currency to weaken against the dollar. The rise in U.S. interest rates has also depressed the D-mark, and led to speculation about an increase in the Bundesbank special Lombard rate—The D-mark showed mixed changes at the Frankfurt fixing, losing ground to the dollar, but continuing to advance against the French franc. The dollar rose to DM 2.2930 in late trading on renewed buying interest. Earlier in the day the Bundesbank was reported to have sold dollars on a large scale to keep the U.S. currency below DM 2.29, but did not intervene when the dollar rose to its highest fixing level since October 1977, at DM 2.2866, compared with DM 2.2710 on Monday. The German authorities denied reports of dollar sales to support the Swiss franc, and did not appear to intervene at the fixing when the French franc fell to its lower intervention point of DM 41.505 per 100 francs from DM 41.59. Despite the outflow of capital from Paris there was no sign of a large move into German deposits or securities.

FRENCH FRANC—Very weak against the dollar and European currencies following the Socialist win in the Presidential election. Higher interest rates and heavy central bank support have failed to prevent the franc falling to the lowest position in the EMS—The franc continued to react adversely to the result of the Presidential election, with the dollar rising to a 10-year high of FFr 5.5110 from FFr 5.4750 at the Paris fixing. It opened at FFr 5.5150, and closed around the FFr 5.52 level. The D-mark remained at its EMS ceiling of FFr 240.93 per 100 D-marks at the fixing, and for most of the day. The Bank of France gave further support to the franc by selling dollars and D-mark's in fairly quiet but nervous trading.

THE POUND SPOT AND FORWARD

May 12	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.0870-2.1020	2.0875-2.0885	1.35-1.45c dis	−8.04	4.05-4.15dis	−7.85
Canada	2.5070-2.5260	2.5080-2.5090	1.50-1.60c dis	−7.41	4.35-4.50dis	−7.05
Nethlnd.	5.31-5.35	5.32-5.33	¼c pm-¼ dis	0.56	¼ pm-¼ dis	0.19
Belgium	78.20-78.60	78.30-78.40	45-55c dis	−7.66	135-145 dis	−7.15
Denmark	15.05-15.10	15.06-15.07	3½-5½ore dis	−3.48	10¼-12¼ dis	−3.12
Ireland	1.3080-1.3160	1.3115-1.3125	0.35-0.57p dis	−4.21	1.01-1.41dis	−3.09
W. Ger.	4.78-4.81	4.79-4.80	¼pf pm-⅛ dis	−0.31	½-1 dis	−0.62
Portugal	126.20-127.20	126.50-126.70	50-130c dis	−8.53	155-335 dis	−7.74
Spain	191.00-191.80	191.00-191.20	135-165c dis	−9.42	405-450 dis	−6.95
Italy	2,377-2,389	2,377½-2,378½	21½-23½ lire dis	−11.35	57-60 dis	−9.84
Norway	11.81-11.86	11.82½-11.83½	½ore pm-¾ dis	−0.13	⅝ pm-1½dis	−0.08
France	11.52½-11.56½	11.55-11.56	6-7c dis	−6.75	19-21 dis	−6.92
Sweden	10.20-10.25	10.20-10.21	3¾-4¾ore dis	−4.85	10¾-11¾ dis	−4.21
Japan	455-462	458½-459½	2.70-2.05y pm	6.21	5.60-5.15 pm	4.68
Austria	33.75-34.00	33.77-33.82	8gro pm-4 dis	0.71	3 pm-7 dis	−0.24
Switz.	4.31-4.36	4.33-4.34	1½-¼c pm	2.42	3-2 pm	2.31

Belgian rate is for convertible francs. Financial franc 80.65-80.75. *Six-month forward dollar 6.88-6.78c dis, 12-month 10.00-10.20c dis.*

THE DOLLAR SPOT AND FORWARD

May 12	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.0870-2.1020	2.0875-2.0885	1.35-1.45c dis	−8.04	4.05-4.15dis	−7.85
Ireland†	1.5940-1.6000	1.5940-1.5960	0.42-0.62c dis	−3.91	1.44-1.84dis	−4.11
Canada	1.2013-1.2021	1.2013-1.2016	0.04c pm-par	0.20	0.13-0.09 pm	0.37
Nethlnd.	2.5400-2.5500	2.5450-2.5470	1.87-1.77c pm	8.57	5.14-5.04 pm	7.99
Belgium	*37.34-37.54*	*37.52-37.54*	*3c pm-par*	0.48	6-1 pm	0.37
Denmark	7.1900-7.2150	7.1995-7.2020	2.90-2.40ore pm	4.42	8.50-8.00 pm	4.58
W. Ger.	2.2840-2.2980	2.2950-2.2960	1.46-1.40pf pm	7.47	4.12-4.06 pm	7.13
Portugal	60.40-60.70	60.55-60.70	par-30c dis	−2.97	20pm-60dis	−1.32
Spain	91.30-91.45	91.30-91.35	5-15c dis	−1.31	20-35 dis	−1.20
Italy	1,137-1,139	1,138-1,139	2¼-3½ lire dis	−3.29	5-6½ dis	−2.02
Norway	5.6480-5.6675	5.6600-5.6620	4-3¼ore pm	7.95	11.20-10.00pm	7.49
France	5.5000-5.5365	5.5315-5.5365	¾c pm-½ dis	−0.27	¾ pm-½ dis	0.09
Sweden	4.8840-4.8930	4.8880-4.8900	1.40-1.20ore pm	3.19	4.40-4.20 pm	3.52
Japan	218.20-220.00	219.70-219.80	2.60-2.35y pm	13.24	6.40-6.25pm	11.51
Austria	16.14⅝-16.19½	16.189-16.194	11-9½gro pm	7.60	32-28 pm	7.41
Switz.	2.0570-2.0780	2.0745-2.0755	1.85-1.75c pm	10.41	5.26-5.16 pm	10.04

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

May 12	Bank of England Index	Morgan Guaranty Changes%
Sterling	98.7	−26.9
U.S. dollar	105.9	+0.2
Canadian dollar	86.9	−17.8
Austrian schilling	—	+22.5
Belgian franc	106.6	+9.6
Danish kroner	87.0	−11.5
Deutsche mark	118.4	+38.9
Swiss franc	132.5	+75.3
Guilder	108.7	+14.8
French franc	82.7	−12.6
Lira	56.4	−55.2
Yen	144.0	+38.7

Based on trade weighted changes from Washington agreement December, 1971. Bank of England Index (base average 1975=100).

CURRENCY RATES

May 11	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	12	0.561285	0.529252
U.S. $	14	1.18375	1.11619
Canadian $	18.71	1.42168	1.33954
Austria Sch.	6¾	18.9791	17.9316
Belgium F.	14	43.9882	41.4666
Danish K.	11	8.45079	7.97074
D mark	7½	2.68830	2.53432
Guilder	9	2.98838	2.81839
French Fr.	9½	6.48103	6.10000
Lira	19	1340.30	1263.81
Yen	6¼	258.058	243.274
Norwgn. Kr.	9	6.66747	6.27859
Spanish Pts.	8	107.380	101.462
Swedish Kr.	12	5.75490	5.42358
Swiss Fr.	5	2.44918	2.30717
Greek Dr'ch.	20½	—	61.7478

OTHER CURRENCIES

May12	£	$		£ Note Rates
Argentina Peso	6688-6708	3196-3206	Austria	33.65-34.00
Australia Dollar	1.8300-1.8320	0.8765-0.8770	Belgium	80.30-81.00
Brazil Cruzeiro	172.62-173.62	82.53-82.94	Denmark	14.98-15.13
Finland Markka	8.99¼-9.01¼	4.3000-4.3020	France	11.48-11.58
Greek Drachma	115.226-118.150	55.55-56.65	Germany	4.77½-4.80½
Hong Kong Dollar	11.38-11.40	5.4390-5.4420	Italy	2340-2380
Iran Rial	164.00*	78.50*	Japan	457-465
Kuwait Dinar(KD)	0.576-0.582	0.2771-0.2774	Netherlands	5.30-5.34
Luxembourg Frc.	78.30-78.40	37.52-37.54	Norway	11.78-11.88
Malaysia Dollar	4.8625-4.8725	2.3240-2.3260	Portugal	124-132
New Zealand Dlr	2.3570-2.3890	1.1280-1.1290	Spain	185¼-197
Saudi Arab. Riyal	*6.99-7.05*	*3.3512-3.3542*	*Sweden*	*10.15-10.25*
Singapore Dollar	4.4980-4.5080	2.1495-2.1515	Switzerland	4.31-4.35
Sth African Rand	1.7495-1.7510	0.8380-0.8385	United States	2.08¾-2.10¼
U.A.E. Dirham	7.64-7.70	3.6715-3.6740	Yugoslavia	77-81

Rate given for Argentina is free rate. * Selling rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU May 12	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	40.7985	41.4521	+1.60	+1.25	±1.5381
Danish Krone	7.91917	7.96943	+0.63	+0.28	±1.6413
German D-Mark	2.54502	2.53472	−0.40	−0.75	±1.1386
French Franc	5.99526	6.10657	+1.86	+1.51	±1.3638
Dutch Guilder	*2.81318*	*2.81919*	*+0.21*	*−0.14*	*±1.5159*
Irish Punt	0.685145	0.693742	+1.25	+0.90	±1.6688
Italian Lira	1262.92	1260.72	−0.17	−0.17	±4.1116

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

May 12	PoundSterling	U.S. Dollar	Deutschem'k	Japan'se Yen	FrenchFranc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.088	4.795	459.0	11.555	4.335	5.325	2379.	2.509	78.35
U.S. Dollar	0.479	1.	2.296	219.8	5.534	2.076	2.550	1139.	1.201	37.52
Deutschemark	0.209	0.435	1.	95.72	2.410	0.904	1.111	496.0	0.525	16.34
Japanese Yen 1,000	2.179	4.549	10.45	1000.	25.17	9.444	11.60	5182.	5.465	170.7
French Franc 10	0.865	1.807	4.150	397.2	10.	3.752	4.608	2058.	2.171	67.81
Swiss Franc	0.231	0.482	1.106	105.9	2.666	1.	1.228	548.7	0.579	18.07
Dutch Guilder	0.188	0.392	0.900	86.20	2.170	0.814	1.	446.7	0.471	14.71
Italian Lira 1,000	0.420	0.878	2.016	193.0	4.858	1.823	2.239	1000.	1.055	32.94
Canadian Dollar	0.399	0.832	1.912	183.0	4.606	1.728	2.123	948.2	1.	31.23
Belgian Franc 100	1.276	2.665	6.120	585.8	14.75	5.533	6.796	3036.	3.202	100.

FT LONDON INTERBANK FIXING (11.00 a.m. MAY 12)

3 months U.S. dollars		6 months U.S. dollars	
bid 19 15/16	offer 19 15/16	bid 18 7/8	offer 19

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

May 12	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Belgian Franc Convertible	Japanese Yen
Short term	11-11¼	18-18¼	17-18	10⅛-10⅜	4-4½	11⅞-12	14-14½	18-28	16-17	6¾-6¼
7 days' notice	11⅜-11⅝	18¼-18½	17-18	10¼-10½	5-5½	11-11⅛	14½-16½	23-26½	16½-18½	6-6¼
Month	12-12⅛	19⅝-19⅞	18⅝-19	11-11¼	9⅜-9½	12⅞-12⅞	18-19	22-23	19-19½	6½-6¾
Three months	12 1/16-12 3/16	19 13/16-20 1/16	18⅞-19¼	11½-11¾	9 7/16-9 9/16	12 11/16-12 13/16	18-19	21¾-22½	18¾-19¾	7½-7¾
Six months	12⅛-12⅜	18⅞-19⅛	18⅝-18¾	11⅝-11⅞	9⅜-9½	12 11/16-12 13/16	18-19	21¼-21¾	17⅝-18⅝	7⅝-7⅞
One Year	12½-12¾	17 7/16-17 11/16	18⅛-18⅞	11¾-12	9¼-9⅝	12⅝-12⅞	16½-17½	20¾-21¼	16⅝-17¼	8¼-8½

SDR linked deposits: one-month 15[illegible]-15[illegible] per cent; three-months 15½-15⅞ per cent; six-months 15⅜-15⅝ per cent; one-year 14[illegible]-14[illegible] per cent.
ECU linked deposits: one-month 14¼-14⅝ per cent; three-months 14¼-14⅞ per cent; six-months 14[illegible]-14[illegible] per cent; one-year 14[illegible]-14[illegible] per cent.
Asian $ (closing rates in Singapore): one-month 18[illegible]-19[illegible] per cent; three-months 19[illegible]-19[illegible] per cent; six-months 18⅞-18⅞ per cent; one-year 17[illegible]-17[illegible] per cent. Long-term Eurodollar two-years 16⅞-16⅞ per cent; three-years 16½-16⅞ per cent; four-years 16⅜-16⅝ per cent; five-years 16⅜-16⅝ per cent; nominal closing rates. Short-term rates are call for U.S. dollars, Canadian dollars and Japanese yen; others two-days' notice.
The following nominal rates were quoted for London dollar certificates of deposit: one-month 19.05-19.15 per cent; three-months 19.30-19.40 per cent; six-months 18.90-19.00 per cent; one-year 17.60-17.70 per cent.

INTERNATIONAL MONEY MARKET

French rates firm

Short-term money rates rose sharply in Paris yesterday, following Monday's 2½ point increase in the official money market intervention rate to 16 per cent. Call money yesterday was quoted at 14½ per cent, its highest level for seven years and close to its all-time high of 15 per cent touched in 1974. On Monday the rate stood at 12½ per cent. Longer term rates were not quoted while Euro French rates were much firmer. The three-month rate rose to around 18¼ per cent compared with 16½ per cent and the one-year rate to 16½ per cent against 16 per cent. Meanwhile the Government was reported to be considering the issue of a FFr 20bn domestic loan to help meet its budget deficit. Such a move would serve to keep liquidity tight and interest rates firm.

In Frankfurt call money was quoted at 11½-12 per cent compared with 11½-11¾ per cent on Monday and there were indications that the Bundesbank were taking measures to keep rates firm. On Monday the authorities had entered the market to arrange 14-day swap agreements at a rate above 12 per cent and some dealers suggested that the authorities may have arranged a similar facility yesterday.

In Amsterdam call money eased to 10¼ per cent from 10½ per cent with longer term rates easier by up to one-eighth of a point.

MONEY RATES

NEW YORK	
Prime Rate	19½
Fed Fund	18-18¾
Treasury Bills (13-week)	16.76
Treasury Bills (26-week)	15.80
GERMANY	
Special Lombard	12.00
Overnight Rate	11.70
One month	12.65
Three months	13.10
Six months	13.125
FRANCE	
Intervention Rate	16
Overnight Rate	14.125
One month	—
Three months	—
Six months	—
JAPAN	
Discount Rate	6.25
Call (Unconditional)	7.0625
Bill Discount (three-month)	7.40625

UK MONEY MARKET

Moderate assistance

Bank of England Minimum Lending Rate 12 per cent (from March 10, 1981)

Day-to-day credit remained in short supply in the London money market yesterday and the authorities gave assistance on a moderate scale. This comprised purchases of a moderate amount of Treasury bills and a small amount of local authority bills and eligible bank bills. The market was faced with a small number of bills maturing in official hands and bank balances brought forward a small way below target. Discount houses were paying up to 11½ per cent for secured call loans at the start with later balances taken as low as 1 per cent.

In the interbank market overnight loans opened at 11-11½ per cent and rose on the forecast of a large shortage to 11½-11¾ per cent. Rates fell away after this to 11-11½ per cent but came back to 11½-11¾ per cent before dipping to 5-6 per cent. Late balances were taken at 8-10 per cent.

GOLD

Weaker trend

Gold fell $9 in the London bullion market yesterday, to close at $481-484, the lowest level of the day. It opened around the day's peak of $485-488, and was fixed at $487.00 in the morning, and $484.00 in the afternoon. Nervousness about the tension between Syria and Israel was outweighed by the influence of strong U.S. interest rates.

In Paris the 12½ kilo gold bar was fixed at FFr 95,600 per kilo ($539.55 per ounce) in the afternoon, compared with FFr 95,000 ($536.26) in the morning, and FFr 93,000 ($528.33) Monday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 35,890 per kilo ($488.01 per ounce) against DM 36,625 ($502.02) previously, and finished at $483-486, compared with $490-493 on Monday.

In Zurich gold closed at $483-486, against $492-495.

	May 12		May 11	
Gold Bullion (fine ounce)				
Close	$481-484	(£230¼-231¼)	$490-493	(£232½-234)
Opening	$485-488	(£231¼-233)	$504-507	(£239¼-240¼)
Morning fixing	$487	(£232.514)	$501	(£237.328)
Afternoon fixing	$484	(£231.947)	$493	(£233.926)
Gold Coins				
Krugerrand	$494½-495½	(£236¼-237¼)	$505½-506½	(£240¼-240¾)
1/2 Krugerrand	$254½-255½	(£122-122½)	$260½-261½	(£123¾-124¼)
1/4 Krugerrand	$129½-130½	(£62-62½)	$132¾-133¾	(£63-63½)
1/10 Krugerrand	$53-54	(£25¼-25¾)	$54¼-55¼	(£25¾-26¼)
Mapleleaf	$489½-490½	(£234¼-235)	$500½-501½	(£238-238½)
New Sovereigns	$120¼-121	(£57½-58)	$122½-123½	(£58¼-58¾)
King Sovereigns	$130½-132½	(£62½-63½)	$132-134	(£63½-64½)
Victoria Sovs.	$130½-132½	(£62½-63½)	$132-134	(£63½-64½)
French 20s	$196-199	(£93¾-95¼)	$192-196	(£91¼-93)
50 pesos Mexico	$600-605	(£287¼-289¾)	$610-615	(£290-292½)
100 Cor. Austria	$470-475	(£225-227¼)	$480-485	(£228¼-230¼)
$20 Eagles	$581-586	(£278¼-280½)	$584-589	(£277½-280)

LONDON MONEY RATES

May 12 1981	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	5-11¾	11¼-11¾	—	—	10-12	11-11⅝	—	—	—
2 days notice	—	—	11⅝-11⅞	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	11¼-11⅝	11⅝-12⅛	—	—	—	—	—	—	—
One month	12⅛-11⅞	12-12⅛	12⅛	13⅛-12⅞	11⅝	11⅞-12⅛	11⅝-11⅞	—	—	—
Two months	12⅛-12⅛	12⅛-12⅛	—	12⅞-12⅞	12⅛	12⅛-12⅛	11½-11⅝	11⅛-11⅛	11⅛	12⅛
Three months	12¼-12⅛	12⅛-12⅜	12⅛-12⅜	13-12⅜	12⅛	12⅛	11⅛-11⅝	11⅛-11⅛	11⅝	12⅛
Six months	12⅛-12⅛	12⅛-12⅛	12⅛-12⅛	12⅞-12⅛	12⅝	12⅛-12⅛	11⅛-11⅛	11⅛	11⅛	12⅛
Nine months	12⅛-12⅞	12⅛-12⅞	—	13-12⅞	12⅜	12⅛	—	—	11⅛	12⅛
One year	12½-12⅜	12⅛-12⅜	12¾-12⅞	12⅞-12⅛	12⅞	12⅛	—	—	—	—
Two years	—	—	13-13⅛	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days' fixed. Long-term local authority mortgage rates nominally three years 13-13⅛ per cent; four years 13⅛-13⅞ per cent; five years 13⅞ per cent. ♦ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 11⅞ per cent; four-month trade bills 12 per cent.

Approximate selling rate for one-month Treasury bills 11⅛-11⅞ per cent; two-months 11⅛-11⅞ per cent; three-months 11⅞ per cent. Approximate selling rate for one-month bank bills 11⅞-11⅞ per cent; two-months 11⅞-11⅞ per cent; three-months 11⅞-11⅞ per cent; one-month trade bills 12⅛ per cent; two-months 12⅛ per cent and three-months 12⅛ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 13 per cent from May 1, 1981. Clearing Bank Deposit Rates for sums at seven days' notice 9 per cent. Clearing Bank Rates for lending 12 per cent. Treasury Bills: Average tender rates of discount 11.3024 per cent.

INTERNATIONAL COMPANIES and FINANCE

Brascan looks for resources acquisition

By Robert Gibbens in Montreal

BRASCAN, the Toronto investment holding company controlled by the Peter and Edward Bronfman Interests, is still looking for a major natural resources acquisition and plans to raise its holding in Royal Trustco, Canada's largest trust company, to 20 per cent from the existing 15 per cent.

Brascan, which controls major resource, real estate development and consumer products companies in Canada, earned C$22.5m (US$18.7m) or 83 cents a share in the first quarter against C$179.6 million or 72 cents a year earlier. It expects earnings for the full year will be nearly C$4 a share. In 1980, Brascan earned C$77.3m or C$2.84 a share excluding special items.

The dividend has been raised to 40 cents a share quarterly from 30 cents.

Rising income from all its investment holdings is offsetting higher interest costs. From April 1 Brascan will use the equity method to account for its 20.5 per cent interest in Scott Paper, the U.S.-based tissue maker. This holding will be raised to 25 per cent in 1982 under an agreement with Scott management.

Brascan acquired its 15 per cent interest in Royal Trustco from Oxford Developments of Calgary, and Cemp Investments of Montreal, the holding company of the branch of The Bronfman family which controls Seagram. Charles and Edgar Bronfman of Seagram, are cousins of Peter and Edward Bronfman.

Brascan failed nearly two years ago in trying to get control of Noranda Mines, Canada's second largest domestically-owned resource and industrial group. But it still hopes to consumate a major resource deal this year, quite likely in the petroleum field, it said.

Two new Eurobonds postponed because of market conditions

BY FRANCIS GHILES

TWO NEW Eurobond issues were postponed yesterday—one in the foreign D-Mark sector, the other in the Swiss franc sector—illustrating the difficult conditions prevailing in the international bond markets.

The planned SwFr 80m 10-year public issue for the European Investment Bank was postponed after the borrower declined to pay a coupon of 7¾ per cent and accept pricing of the issue at a discount. Such conditions were deemed necessary by the lead manager, Union Bank of Switzerland, who wanted to ensure that the issue was placed in firm hands.

Last February the EIB was able to raise 10-year money in Switzerland on a yield of 6½ per cent. The postponed issue would have offered a yield just below 8 per cent. Prices of seasoned Swiss franc bonds moved up ¼ yesterday.

In the D-Mark sector, BHF Bank postponed a DM 50m issue it was planning but the name of the borrower was not revealed. Trading remains thin in this sector where prices dropped ⅛ on the day.

In the "bulldog" sector, the recent £50m five-year domestic sterling issue for Finland—priced last week to yield 14.55 per cent—was not warmly received. Last week's yield was 75 basis points over the 12 per cent 1986 gilt edged stock, but the yield differential widened yesterday to 118 basis points, lifting the yield on the Finnish paper to over 15 per cent.

Part of the weakness displayed by the Finland "bulldog" is attributable to that of the gilt-edged market but it does stand in marked contrast to the performance of the World Bank domestic sterling issue launched in April. This was priced to yield 50 basis points more than the 12 per cent 1986 gilt-edged stock, but yesterday the gap narrowed to 15 basis points for a 13.97 per cent yield.

Dollar-denominated Eurobonds slipped half a point yesterday in thin trading. A $50m 15-year private placement of convertible bonds for Canon, the Japanese photographic equipment manufacturer, is being arranged through Merrill Lynch and Yamaichi. The borrower is paying a semi annual coupon of 5¼ per cent.

Loral drops Ramtek deal

BY OUR FINANCIAL STAFF

LORAL CORPORATION, the New York-based electronic warfare company, yesterday dropped plans for the acquisition of Ramtek Corporation for around $60m in a share swap.

Loral, which is attempting to win the contract to install its Rapport III electronic surveillance system in the re-vamped Jaguar and Harrier fighter aircraft in the UK, said that information which had become available during pre-contract analysis of the planned Ramtek deal had made "impractical" the completion of the transaction under the proposed terms. The company would make no other comment.

Ramtek, based in Santa Clara, California, specialises in colour graphic computer displays. When Loral announced its takeover plan in March, it said it was interested in using Ramtek's skills for airborne electronic warfare equipment. It planned to finance the deal by a stock swap of $22.50 worth of Loral stock for each of Ramtek's 2.6m shares.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which will be published next on Thursday, May 14.

Closing prices on May 12

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Am. Air 15¼ 86 (WW)	55	98½	98⅞	−0⅛	+1⅛	15.64
Amoco 13½ 88	75	91¼	92½	−0⅜	+1⅛	15.22
CIBC 14½ 84	185	97¾	98¼	0	+1⅛	15.42
CNE 12¾ 91	100	85¾	86¼	−1⅛	0	15.60
Citicorp O/S Fin. 10 86	300	81⅞	82⅜	−0½	+1⅛	15.24
Citicorp O/S Fin. 12 87	200	86½	87	−0⅛	+2⅝	15.33
Con. Illinois O/S 9¾ 86	150	80¼	80¾	−0⅛	+2	15.51
Dupont Canada 13½ 91	65	91⅛	91⅝	−0⅛	+1⅞	15.22
EEC 11 95 (August)	70	75⅞	76⅜	+0¼	+3	15.13
EIB 12¾ 89	75	87⅛	87⅝	−0⅛	+1⅞	15.62
Eldorado 13½ 86	50	91⅞	92⅜	−0⅞	+0½	15.65
Elec. de France 10 88	125	77⅞	78⅜	−0⅛	+2⅛	15.21
Elec. de France 13 88	125	89¾	90¼	−1½	+0⅜	15.45
Export Dv. Cpn. 9½ 86	150	79½	80	−1⅛	+0⅛	15.91
Fed. Bs. D. 12¾ 85 (N)	50	89⅛	89⅝	−0⅛	+0⅛	15.63
Fin. Exp. Credit 10½ 85	50	83¾	84¼	−0⅛	+1⅛	16.05
Finland, Rep. of 9½ 86	100	78⅞	79⅜	−0⅛	+0½	15.89
Ford Credit O/S 14¾ 83	150	96	96½	−0⅞	+1⅛	16.40
Ford Cr. O/S Fin. 16 84	150	99½	100	−0⅛	+1⅛	16.02
Gaz de France 13½ 86	80	93¾	94¼	−1⅛	+0⅜	15.32
GMAC O/S Fin. 12 87	100	85⅜	85⅞	−0⅛	+1⅛	15.67
GMAC O/S Fin. 12⅞ 88	100	88¾	89¼	−0½	+2⅞	15.58
Gen. Mtrs. O/S 11⅛ 87	100	84¾	85¼	+0⅛	+1⅛	15.55
Gangstar 14¼ 91	50	97½	98	−0⅜	+2⅛	15.19
GTE Fin. 13¾ 86 (WW)	50	94¾	95¼	−0⅛	+1½	15.26
Hudson's Bay 11½ 90	75	80	80½	−1	+2½	15.71
IBM Wld. Trade 12½ 88	200	92⅞	93⅜	−0⅜	+2⅜	14.17
Newfoundland 13½ 90	60	88¾	89¼	−1½	+0⅜	15.87
Nova Scotia 10¾ 90	50	77¾	78¼	−0⅞	+1⅛	15.38
NKB 10 85	50	83¾	84¼	−1	+1½	15.49
Ontario Hydro 13½ 91	100	90¾	91¼	−1⅛	+1⅛	15.27
Quebec Hydro 11½ 92	100	77⅞	78⅜	−0⅛	−0½	15.78
Queb. Hy. 13 91 (WW)	100	87⅛	87⅝	−0⅛	+1⅞	15.56
Royal Bk. Canada 14 86	100	95⅛	95⅝	−1⅛	+3	15.35
SNCF 12¾ 85	50	91⅞	92⅜	−0⅛	+1⅛	15.13
SNCF 13 91	75	89⅜	89⅞	−1½	−1⅛	15.06
Sth. California Ed. 14 87	50	94½	95	−0⅛	+0½	15.39
Sven Handelsbk. 13¾ 88	45	91¾	92¼	−1⅛	+1	15.71
Sweden 12¾ 85	150	89¾	90½	−0⅛	+1⅞	15.69
Swed. Ex. Credit 12 83	50	91⅞	92⅜	−0⅛	+0⅜	16.26
Swed. Ex. Credit 13 86	75	89½	90	−0⅞	+0⅛	16.23
Toronto-Dom Bk. 14 84	50	95¾	96¼	−0⅛	+0⅛	15.78
Tribune O/S Fin. 14 86	50	94⅜	94⅞	−0⅛	+1	15.62
World Bank 9¾ 85	200	83⅞	84⅜	−0⅛	+1⅛	16.22
World Bank 10¾ 87	300	81	81½	−0⅛	−1⅛	15.16

Average price changes... On day −0½ on week +1⅛

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bank 10 91	100	96¾	97½	−0⅜	+0⅛	10.47
Austria, Rep. of 8½ 92	150	87⅛	87⅝	−0⅜	−0⅛	10.14
ECA 7¾ 92	150	87⅛	87⅝	−0⅛	+0⅜	9.73
ECA 10 91	120	99¾	100¼	−0⅛	−0½	9.99
Honeywell 8¾ 90	125	89⅝	90⅛	−0⅛	+0⅛	10.08
Council of Europe 10 91	100	98⅞	99⅜	−0⅛	+0⅞	10.20
EIB 8½ 90	200	88½	89¼	−0⅜	−0⅞	10.38
EIB 10½ 91	200	100⅜	101⅛	−0½	+0⅞	10.30
ESCOM 9¾ 87	100	92⅞	93⅜	−0⅛	+0⅞	10.75
Finland, Rep. of 10 89	100	96⅝	97⅛	−0½	+0⅜	10.57
[illegible] SA 9 90	100	92½	93½	+0⅛	−1	10.19
Ind. Bk. Finland 8½ 90	50	89⅞	90⅜	0	+0⅛	10.22
Int.-Am. Dv. Bk. 10 91	100	98⅞	99⅜	−0⅜	+0½	10.19
Japan Air Lines 8¼ 87	100	90¾	91½	−0⅛	+0½	10.02
Japan Dev. Bank 7¾ 87	100	88⅜	89⅜	−0⅛	+0⅛	10.02
Kobe, City of 8 90	100	88⅞	89⅜	−0⅜	+0½	9.90
Midland Int. Fin. 8½ 90	150	90⅞	91⅜	0	−0⅜	9.96
Nuclebras 9¾ 88	100	89⅜	89⅞	−0⅛	−1½	11.86
OKB 8¾ 92	150	86¾	87½	+0⅛	−0½	10.23
Oslo, City of 8¾ 90	80	94½	95⅛	+0⅛	0	9.63
Venezuela, R. of 9¾ 90	150	93⅜	94⅜	+0⅛	−0⅛	10.79
World Bank 8 90	700	[illegible]	86⅜	−0⅜	−0½	10.35
World Bank 10 86	150	100½	100⅞	0	−0⅛	9.88

Average price changes... On day −0⅛ on week −0⅛

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Aeroport Paris 6½ 91	60	95	95¼	−0⅞	−0⅛	7.20
AFCE 6½ 91	100	96⅛	96⅝	−0½	−1⅞	7.00
Bayer Int. Fin. 5¼ 93	100	89	89½	−0⅞	−1⅛	6.64
Bremen City of 6¾ 81	40	96⅞	97⅛	+4⅛	+3½	7.18
Buhrm.-Tetterode 7 90	40	99	99¼	+0½	−0⅛	7.13
CECA 6⅝ 91	80	94⅞	96¼	+0⅛	−0½	7.48
Denmark 5½ 90	80	85	85¾	0	+1	8.11
Dome Petroleum 5½ 91	100	92⅛	82½	+0½	−0⅞	6.84
Elect. de France 5½ 90	100	89¼	90	0	−0⅛	6.74
Eurofima 5¾ 92	80	†98	99	+1	+0⅞	5.93
G. H. Hypo Bk. 6 90	50	90⅜	90⅞	+0⅛	−0⅛	7.43
Finland, Rep. of 5½ 90	80	†85	85½	−0¼	−0⅛	7.75
France Petroles 6½ 91	80	96	96½	−0⅛	0	7.06
[illegible] 7 91	100	99⅞	100⅜	+0½	+0½	7.00
Int. Amer. Dv. Bk. 7 91	100	98	98¼	+0⅛	−0⅛	7.27
Japan Dev. Bank 5¾ 90	100	93	93¼	+1½	+2	6.75
Mt. Blanc Tunnel 5½ 90	50	86	87	+0⅛	+0⅞	7.56
Norway 5½ 90	80	†90	91	−0⅛	−0⅛	7.20
OKB 7 93	100	98⅜	98⅞	+0⅛	+1	7.17
Oslo, City of 5⅞ 90	80	92	92¼	0	−0⅛	7.04
Philips Lamps 5¾ 92	100	87½	87¾	−0⅛	−1½	6.88
Swed. Ex. Cred. 7¾ 91	75	97¼	98	+0⅛	+1⅛	7.58
Trade Dev. Fin. 6½ 90	50	90¼	90¾	+0⅛	+0⅛	7.57
Voest-Alpine 5¾ 90	80	86½	86¾	−3⅛	−3⅞	7.81
World Bank 6 91	100	†91	91½	0	+0⅛	7.28
World Bank 7 90	100	100½	100¾	+0¼	+0⅛	6.96

Average price changes .. On day +0⅛ on week −0⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bk. 8⅜ 91	15	98⅜	99⅛	0	0	8.42
Australia 8½ 88	20	85⅞	87⅛	0	−0⅛	9.04
EIB 7¾ 89	12	93⅛	94⅛	−0⅛	−0⅛	8.85
Finland 5 8 83	10	92⅛	93⅛	0	+0⅛	8.89
Finland 6 8 88	10	87½	88½	0	−0⅛	8.21
Finland, Rep. of 8¾ 87	15	98⅛	99⅛	0	−0½	8.82

Average price changes . On day 0 on week −0⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bell Canada 10¾ 86 C$	60	89	90	0	+0⅛	12.58
CIBC 13½ 85 C$	50	†91	93	−1½	−1⅛	16.37
CIBC 11½ 85 C$	60	88	89	0	+0½	15.39
Federal Dev. 11½ 90 C$	60	[illegible]	87	−2	−1½	15.63
First Can. Inv. 10 84 C$	50	†85	87	0	+0⅛	16.24
R. Bk. Canada 10 86 C$	40	89	90	0	−1	12.98
Tordom Cpn. 13½ 85 C$	30	†92½	93½	−0⅛	−0⅛	15.59

	Issued	Bid	Offer	Change on day	Change on week	Yield
M. Bk. Dnmk. 9 91 EUA	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SOFTE 8¾ 89 EUA	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
U. Bk. Nwy. 9½ 90 EUA	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Algemene Bk. 10½ 86 Fl	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bk. Mees & H. 10 85 Fl	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Heineken NV 10 87 Fl	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nat. Nedrlndn. 10 88 Fl	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ned. Midd. Bk. 10 85 Fl	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Pierson 10¼ 85 Fl	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Air France 14¼ 86 FFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bk. America 14½ 86 FFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Charb'nages 13¾ 85 FFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EIB 14¼ 86 FFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
La Redoute 14½ 85 FFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
OKB 14 86 FFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Solvay et C. 14¾ 86 FFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Swed. Ex. C. 14¾ 86 FFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
U. Mex. Sta. 14 85 FFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Acona 14 85 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Beneficial 14¼ 90 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BNP 13½ 91 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
CECA 13½ 88 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Citicorp O/S 13½ 90 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Fin. Ex. Cred. 13½ 86 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Gen. Elec. Co. 12½ 89 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Hiram Walker 14½ 86 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Privatbanken 14½ 88 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Rothschild 14¼ 90 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Royal Trustco 14 86 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Swed. Ex. Cr. 13¾ 86 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Banobras 8½ 90 KD	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
CCCE 8¼ 91 KD	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sonatrach 8¾ 90 KD	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Akzo 9¾ 87 LuxFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Euratom 9¾ 88 LuxFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Eurofima 10¼ 87 LuxFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EIB 9¾ 88 LuxFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Volvo 9¾ 87 LuxFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Allied Irish Bank 5¼ 87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	16.77
Bank of Montreal 5¼ 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	19.65
Bank of Tokyo 5¼ 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	16.82
BBL Int. 5 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	16.82
BNP 5¼ 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	16.50
CNT 5¼ 86	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	16.98
Christiania Bk. 5¼ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	17.71
Citicorp O/S F. 5¼ 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	17.07
C. Itoh 5¼ 87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	15.63
Co-operative Bk. 5 86	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	15.46
Den Norske Credit 6 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	17.58
Genfinance 5¼ 87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	17.22
Giro and Bank 5¼ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	14.37
GZB 5¼ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	17.58
Ind. Bank Japan 5¼ 87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	17.28
Ind. Bank Japan 5¼ 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	16.73
Lloyds Eurofin 5 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	14.97
Lloyds Eurofin 5¼ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	17.47
LTCB Japan 5¼ 86	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	20.19
Man. Hanov. O/S 5¼ 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	17.24
Merrill-Lynch O/S 5¼ 87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	20.39
Midland Int. Fin. 5¼ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	17.45
Midland Int. Fin. 5¼ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	17.22
Nacional Fin. 5¼ 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	17.88
Nacional Fin. 5¼ 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	15.34
Nat. Bk. Canada 5¼ 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	14.91
Nat. West. 5¼ 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	15.58
Nat. West. 5¼ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	17.27
Pemex 6 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	15.83
Sparebanken 5 87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	20.05
Standard Chart. 5¼ 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	17.32
Svenska Hndlsbk. 5 87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	17.95

Average price changes... On day [illegible] on week [illegible]

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Bow Valley Inv. 8 95	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	25.88
Canon 6½ 95	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	0.62
Credit Suisse 4¾ 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	−1.59
Digicon Fin. 8½ 95	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	7.06
Hanson O/S Fin. 9½ 95	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	4.38
Ina Overseas 8½ 2000	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	2.88
Inchcape 8 95	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	−1.03
Kotobukiya 7 96	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	−5.38
Marion Int. Fin. 9 95	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	31.95
Matsushita El. 7½ 95	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	−1.22
MEPC 8¼ 95	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	8.82
Nissho-Iwai Co. 8 95	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	−0.33
Ricoh 6½ 95	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	−2.16
Sumitomo M. Ind. 7 95	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	4.39
Swiss Bk. Cpn. 8¼ 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	18.05
Taylor Woodrow 8¾ 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1.49
Tokyu Land Cpn. 7¼ 95	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	2.38
Transco Int. 8¾ 95	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	19.30
Tricorp 8½ 95	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	26.94
Union Bk. Switz. 5 95	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	2.88
Fujitsu 5 84 DM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	−1.77
Sharp Cpn. 6½ 89 DM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5.27
Uny Co. 6½ 95 DM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	−2.16

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate († three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Mr. James Wolfensohn

Wolfensohn to set up on his own

By Ian Hargreaves in New York

MR. JAMES WOLFENSOHN, who little more than three years ago resigned as chief executive of Schroeders, the UK merchant bank, to head the corporate finance department of the bustling New York firm of Salomon Brothers, is to set up his own financial consultancy in New York.

At 47, Mr. Wolfensohn has long been regarded as one of the most aggressive and ambitious figures in the world of corporate finance and late last year was one of three candidates shortlisted to take over from Mr. Robert McNamara as president of the World Bank.

Mr. Wolfensohn even exchanged his Australian citizenship for American at the end of last year, in order to remove that impediment from his selection.

He denied yesterday, however, that his decision to move into the sidelines at Salomon Brothers as a limited partner and consultant was a product of disappointment at being passed over for the World Bank, of which Mr. A. W. Clausen, formerly head of the Bank of America, is now president.

"Clausen was the right man for the job," he said.

Mr. Wolfensohn says that recently he has been averaging an 18-hour day for Salomon and travelling 30 to 40 per cent of his time, a situation made worse by the substantial amount of time he is still devoting to Chrysler.

Since the start of the Chrysler crisis Mr Wolfensohn has been the key go between in deal-making for the stricken company and is still engaged in the hunt for a merger partner for the company. Under the terms of his new deal, he will continue to advise Salomon on its Chrysler account and on a number of other issues.

But his main role will be to set up Wolfensohn and Company in midtown New York. Mr. Wolfensohn was yesterday hoping to sign a lease for about 3,000 square feet of space.

The new company's role will be to specialise in U.S.-Australian investment situations. "We will not become an investment bank."

Mr. Wolfensohn also plans to devote more time to his artistic and philanthropic interests, which include key roles in Carnegie Hall, the New York concert hall, the Rockefeller Foundation and the World Multiple Sclerosis Association.

On the inevitable suggestions that he has severed most of his ties with Salomon Brothers for reasons other than personal choice, he said: "most people find it hard to believe that someone can get out of the cocoon of the big corporate world. This is what I want to do and it takes a lot of guts."

'Market share of Amex cheques slips'

By Alan Friedman

THE WORLD market share held by American Express travellers cheques has slipped below 50 per cent for the first time, it was claimed yesterday. According to New York stockbrokers Purcell Graham, American Express's 1980 world sales of travellers cheques were around $15.5bn, showing a decline to around 45 per cent of the world market.

Dr. Jack Cox, an analyst for Purcell Graham, also estimated Thomas Cook's global sales at $3.7bn and Visa traveller cheque sales (mostly through Barclays Bank) at around $2.6bn. Thomas Cook yesterday confirmed the figures which would give it around 11 per cent of the world market.

Visa said yesterday its global sales last year were around $2.3bn. Purcell Graham's estimate of the world market of around $35bn would suggest a market share of 6.6 per cent, one year after the launch of Visa's cheques.

Mr. Michael Lively, president of the travellers cheque division at American Express, said: "We don't reveal our world sales to anyone and have no plans to do so." He said he would be surprised if market share had slipped.

Paul Betts looks at the mutual benefits of a $358m takeover

Allied connects with Bunker Ramo

THE PROPOSED $358m acquisition of Bunker Ramo, a fast-growing U.S. manufacturer of sophisticated electronic connectors, by Allied Corporation, the large U.S. diversified chemicals company, is to all intents a marriage of convenience for both companies.

Bunker Ramo, a relatively small company with sales of $468m last year but with highly encouraging growth prospects, has been a potential takeover target for two years. It has been resisting acquisition advances by Fairchild Industries, the U.S. aerospace and communications group which purchased two years ago 1.3m—or about 22 per cent—of Bunker Ramo shares for $23.50 a share.

Although Fairchild agreed not to buy additional Bunker Ramo shares without the electronics company's agreement until 1982, it attempted twice to gain control of Bunker Ramo. Bunker Ramo refused, and started merger negotiations with a number of unnamed parties. By settling this week on a deal with Allied—known until a month ago as Allied Chemical Corporation—Bunker Ramo has indicated it preferred acquisition by the diversified chemical concern than other suitors it considered less desirable.

For Allied, which has been expanding its presence in the electronics market since its acquisition of Eltra Corporation for $588m two years ago, the takeover is the first in its programme of major acquisitions supported by a $2bn revolving credit arrangement negotiated last week with a group of major American and European banks.

Since Mr. Edward Hennessy took the helm at Allied two years ago, he has repeatedly indicated he intended to expand and diversify Allied's operations in high technology and energy sectors. Allied unsuccessfully bid last year for the oil properties of Esmark which were finally sold to Mobil for $740m.

Seeking diversification in the energy and high technology sectors, Allied Corporation has bid for Bunker Ramo, a manufacturer of sophisticated electrical connectors. It is likely to be the first of several acquisitions Allied makes with a $2bn credit facility it arranged with American and European banks last week

Allied, which is expected to make a major oil or chemical acquisition, has been making a major push in the energy field. It spent about $1bn in the last five years on its oil operations and is planning to spend $2.5bn on domestic exploration over the next five years.

Oil and gas accounted for 81 per cent of the company's 1980 net income of $289m, while its traditional chemical, fibres and plastics operations accounted for 16 per cent. Allied's current electrical and electronics business contributed no profits but sales of $789m to the company's total sales of $5.5bn.

Bunker Ramo's best asset is its extremely successful manufacture of electronic connectors sold under the "Amphenol" trademark. This business, which accounted for more than half of 1980 sales in this sector, was a major factor in the company's strong performance. Earnings rose 17 per cent over the previous year on a revenue gain of only 10 per cent.

Over the past few years, Bunker Ramo has invested heavily in Amphenol, adding new machinery to increase capacity, cope with higher raw material costs, improve productivity and increase profit margins. Sales in the connector business continue to improve as a result of the product's recession-proof military-aerospace market. New connector applications in the computer and telecommunications market are also keeping up demand.

Bunker Ramo also has a major presence in the manufacture of electronic transaction processing systems widely used in banking, insurance and securities industries.

Bunker Ramo has a textile division producing fabrics for apparel, industrial, consumer and automotive markets which, under the current state of the U.S. economy, has performed weakly.

Bunker Ramo's current management will run it as part of Eltra, Allied's electronics and electrical products subsidiary. This coupled with Allied's greater resources is expected to boost Bunker Ramo's growth. "While Bunker Ramo has had outstanding growth in the past five years, this merger offers even greater potential for the future," Mr. Duane Burnham, its president, said.

The deal involves a cash, stock and notes transaction. In the next few days, Allied will start a cash tender offer at $55 a share for up to 1.175m common and convertible preferred Bunker Ramo shares. Allied has also said it would accept under certain circumstances an additional 434,000 shares.

The remaining outstanding Bunker Ramo shares will be exchanged on a share for share basis in a tax-free merger for a new Allied convertible preferred stock with a $55 a share value, paying a $6.74 dividend and convertible at any time into 0.186 of Allied common.

Allied has also signed an agreement with Fairchild Industries to pay via notes $55 a share for Fairchild's holding of about 1.3m Bunker Ramo shares. Fairchild bought the shares for $23.50 each.

Gulf Oil may enter coal distribution business

BY RAY DAFTER, ENERGY EDITOR

GULF OIL may enter the coal distribution business in a bid to help clear the U.S. transportation bottlenecks now frustrating the growth of the international coal trade.

Mr. Jerry McAfee, the chairman and chief executive, said he was concerned about the lack of adequate rail and ship loading facilities in the U.S. It was a "possibility" that Gulf would become involved in the operation of a loading terminal.

Gulf has emerged as a major force in the U.S. coal industry. In March the company agreed to buy for $325m the privately owned Kemmerer Coal Company, one of the biggest coal producers in the western U.S. That deal almost doubled Gulf's proven coal reserves to nearly 1bn tons and increased output by about 50 per cent.

Last year Gulf's coal subsidiary, Pittsburg and Midway Coal Mining Company, sold 9.7m tons while Kemmerer produced 5m tons. Mr. McAfee said Gulf was not contemplating any further major addition to its coal reserves.

He said that in general future expansion would be concentrated in the energy field, although the group was adopting a flexible attitude to possible acquisitions.

Gulf Oil, he said, was particularly attracted by oil and gas exploration and production prospects in the U.S.

Conoco seeks to block Dome bid for 13% stake

BY PAUL BETTS IN NEW YORK

CONOCO, THE U.S.'s ninth largest oil company and number two coal producer, is seeking an injunction against a $910m bid by Dome Petroleum for 13 per cent of its shares.

Dome, the Canadian oil exploration company, announced last week an unusual bid for 14m of Conoco's common stock for $65 a share as a way of gaining control of Hudson's Bay Oil and Gas, the Canadian oil and gas exploration company 52.9 per cent owned by Conoco.

Although Conoco has yet to respond formally to the Dome bid, the legal action suggests that it is likely to reject it.

In its suit Conoco alleges that Dome Petroleum and its subsidiary, Dome Energy, violated the Securities Exchange Act in connection with the offer for 14m Conoco common shares.

It also alleges that the offering documents are materially false and misleading and that Dome's contemplated financing for the tender offer violates Federal Reserve Board regulations.

Dome has said its bid was not designed to seek control of Conoco but to enable it to negotiate the exchange of Conoco's controlling interest in Hudson's Bay Oil and Gas for a portion of the Conoco shares Dome is proposing to acquire.

Dome said it was "surprised and disappointed" by the suit.

Wider margins lift St. Gobain

By Our Financial Staff

TWO OF the companies on the new French president's nationalisation hit-list, Saint-Gobain-pont-à-Mousson and Pechiney Ugine Kuhlmann, made progress reports yesterday to existing private sector shareholders.

St. Gobain provides more details of its 1980 results which show a gain in net earnings of no less than 38 per cent to FFr 909m ($165m). At PUK the news is less cheery with the group explaining how first quarter 1981 sales have suffered a modest setback.

On sales 22 per cent higher at FFr 43.5bn, St. Gobain's net profits represent a significant widening of margins. These have increased to 2.1 per cent from just over 1.8 per cent.

A large proportion of the increase in sales stemmed from the consolidation of the Cii-Honeywell Bull computer group in which St. Gobain recently acquired a controlling shareholding. The group's 23 per cent stake in the Olivetti office machines group has also been brought into the accounts.

The company, which is one of the larger conglomerates in France with interests ranging from glass and pipe-making to electronics, reports a rise to FFr 960m from FFr 726m in long-term borrowings.

At PUK, sales in the opening quarter of 1981 eased to FFr 9.96bn, a decline of 1.3 per cent. Aluminium operations were flat with sales of FFr 3.9bn against FFr 3.88bn.

State cash for Oce

The Dutch Government has agreed to contribute up to Fl 200m in development credits to OCE van der Grinten, the photocopier manufacturer, for new projects, AP-DJ reports from Amsterdam. OCE expects to spend more than Fl 500m in the next five years on research and development to reinforce its position on the copier market.

EXPORTS BOOST GERMAN CHEMICALS GROUP

Bayer start to year tops expectations

BY KEVIN DONE IN LEVERKUSEN

BAYER OF West Germany, one of the world's leading chemicals companies, performed more strongly than had been expected in the first three months of 1981, boosted by the weakness of the D-Mark and rising demand in foreign markets.

Sales worldwide rose 11.3 per cent to DM 8.41bn ($3.6bn) in the quarter from DM 7.56bn in the corresponding period of 1980.

Bayer, already the most international of the "big three" West German chemicals groups, increased foreign sales by the parent company by 8 per cent in the quarter to DM 2.36bn, while domestic sales fell by 1.6 per cent to DM 1.3bn. About 64.4 per cent of parent company sales are now derived from exports compared with 62.2 per cent a year ago.

The overall rise of 4.4 per cent in parent company sales to DM 3.669bn in the first quarter was accounted for solely by higher product prices and the strength of the U.S. dollar, however. The volume of sales was 2 per cent below the level of a year ago, which has inevitably hit parent company profitability.

Pre-tax profits of the parent company fell by 10.9 per cent in the first quarter to DM 246m. For the whole of 1980 the Bayer group made DM 1.57bn pre-tax.

The level of capacity at which Bayer plants are working in West Germany varies greatly from sector to sector. However, Professor Herbert Grünewald, the chairman, estimated the average for the company at 80 per cent in the first quarter. This is a big improvement over the 70 per cent achieved in the last quarter of 1980, but is still 2 to 3 percentage points below the first three months of last year.

Professor Grünewald is cautiously optimistic about the group's development for the rest of the year. He expects parent company sales to rise by between 6 and 7 per cent.

Pre-tax profits of the Bayer group rose by 11.5 per cent last year, boosted chiefly by a major turnround in the profitability of the Bayer subsidiary, Agfa-Gevaert, and improved results from the subsidiary in Brazil.

Bayer is still suffering heavy losses in its synthetic fibres division, running up a deficit last year understood to be around DM 120m, after losses of more than DM 100m in 1979.

The group's decision earlier this year to virtually close all its nylon fibre manufacturing activities by the autumn would cost DM 40m-50m, said Professor Grünewald. The fibres workforce would be cut by around 700 to 1,500.

Bayer also suffered further losses of around DM 130m on its Metzeler subsidiary, which manufactures rubber and plastics products. This is not expected to be back in the black before 1982-83.

In preparation for further overseas expansion, Bayer will ask shareholders at the annual meeting to approve the launch of a $150m bond with warrants attached. Approval will last until 1986, although the bond could be launched in the autumn if conditions in the financial markets ease.

Akzo sales improve but first quarter profits slide

BY CHARLES BATCHELOR IN AMSTERDAM

AKZO, the Dutch chemicals and fibres group, reports sharply lower profits for the 1981 first quarter. The results show some improvement over the trend of the second half of 1980, however, and confirm the group in its forecast of a return to a modest profit for 1981 as a whole.

Net profit fell 67 per cent to Fl 29.1m ($11m) in the first quarter on turnover which was almost 8 per cent higher at Fl 3.53bn. At the operating level profit fell 37 per cent to Fl 114.3m.

The increase in turnover was largely due to higher selling prices resulting from inflation and a rise in the value of overseas sales. Volume sales were 1 per cent lower than in the same 1980 quarter.

The man-made fibre division moved into the red to show an operating loss of Fl 7m on sales of Fl 1.13bn compared with a profit of Fl 6m on sales of Fl 1.02bn. Profits of the other two main divisions were lower. Chemical products made a profit of Fl 46m compared with Fl 84m, while the "other products" division, including coatings, pharmaceuticals and consumer products, saw profits fall to Fl 80m from Fl 99m.

Losses rose on the synthetic textile and carpet fibres of Akzo's Enka division in Europe in the quarter though the fibres division of Akzona of the U.S. reported a modest recovery.

Profits on bulk chemicals fell sharply, though earnings from pharmaceuticals and consumer products were satisfactory. Coatings activities were depressed by the downturn in the car and building industries.

Akzo raised spending on fixed assets to Fl 135m from Fl 124m. Its workforce fell by 600 to 82,500 in the quarter.

Overall in 1980 Akzo made a net loss of Fl 70m compared with a profit of Fl 230m the year before. It paid no dividend after distributing Fl 2.40 a share in 1979. Sales were 4 per cent higher at Fl 12.45bn.

Size of Montedison rights issue suprises bourse

BY JAMES BUXTON IN ROME

SHARES IN Montedison, the Italian chemical group, fell sharply on the Milan bourse yesterday in the wake of Monday's announcement of a L640bn ($565m) rights issue, the biggest by a fully publicly quoted company in Italian history.

The shares closed at L252, down L120. They have now fallen 12.5 per cent from the peak of L288 reached at the end of last week on news of the Government decision to sell its 16.6 per cent controlling stake in the company to private interests. Nevertheless, they still stand well above the L180 at which they began the year.

The market clearly had not anticipated the size of the capital raising operation which will nearly treble the existing capital of L356bn. News of the capital increase accompanied the announcement of a loss of L230.8bn ($205m) for 1980. That loss, though widely expected, was recorded after taking into account paper gains worth L190bn from the revaluing of shareholdings and will be covered by a transfer from reserves.

The company has not paid a dividend since 1974 and shareholders are now being asked to inject more funds, as they had to do in 1978 when the company's capital was written down and then increased by a rights issue.

In contrast, shareholders of Gemina, the small Montedison-controlled financial company through which the consortium of private interests is to buy the 16.6 per cent stake in Montedison currently held by state holding companies, have seen their share price rise from L2,210 last Thursday to L3,800 yesterday.

The Government stake is to be bought by a consortium of holding companies led by FIDIS of the Fiat group. The other members are Invest, the holding company of the Bonomi family, the Pirelli and Orlando family interests and Mediobanca, the merchant

State aid sought in SSIH rescue

By Brij Khindaria in Geneva

THE RESCUE plan under discussion among the four large Swiss banks to bale out Societe Suisse pour l'Industrie Horlogere (SSIH) has forced them to venture into new ground and face risks which they are reluctant to shoulder alone.

All four banks are part owners of SSIH, led by the Union Bank of Switzerland with a 20 per cent stake. Last year alone they lent SwFr 150m ($73m) to the ailing company, which is the second largest watchmaker in Switzerland after Asuag and the fourth largest in the world.

The problem is that SSIH, which has not paid a dividend since 1976, needs a massive cash injection, put at more than SwFr 300m, to enable it to stand on its own feet. It needs a wider capital base and a new generation of technology, having suffered heavy losses in the early 1970s when large investments in digital watches failed.

Despite a drastic administrative reshuffle last year and a reorientation of production and marketing strategies, SSIH lost further SwFr 42m in the first seven months of 1980 and its current outstanding losses are estimated at nearly SwFr 130m. The new SSIH management has decided to write off their investments in cheap watches and focus on selling their higher quality brands, Omega and Tissot.

The four large banks have long tried to promote technological co-operation with Asuag whose sales are, in contrast, heavily influenced by low priced electronic products. Currently they are trying to persuade both Government and the unions to take a share of the responsibility in the rescue plan for SSIH. The Government has not been asked to put us cash but the banks are suggesting that certain taxes should be reduced or frozen.

The banks also want any contributions to SSIH to be treated as investments which can later be consolidated into capital rather than conventional loans.

Unions have been told that they will have to agree to certain restraints and changes in working conditions. "We want all sides to understand that everybody will have to make some sacrifices," said an official of the Union Bank of Switzerland.

Asuag officials confirm that studies are under way to examine how links may be tightened with SSIH, especially in research and development and the sharing of marketing know-how.

The two companies set up their first major joint venture in March this year when Asuag took 65 per cent of Microbo and SSIH 35 per cent. Microbo, a small research and high technology company, had existed for some years with discreet backing from both groups. The formal registration of a new division of ownership was an experimental step to see how well both companies could work together.

Microbo has already scored a siknificant success for both companies. It has developed two sets of industrial robots which Asuag reckons are unique. Mr. Hugo Wyss, chief of Asulab, Asuag's research wing which is the brain behind Microbo, says the robots represent an important contribution to the microtechnology needed for today's watches.

One of the robots, called The Mouse because it operates within a 20 centimetre area, electronically handles very light and high precision watch components, while another, called The Biber, works over a larger area to perform heavier tasks using hydraulic oil pistons.

Through a combination of ultra-conservative financial management, severe belt tightening and a modernistic approach to technological innovation, Asuag feels it can face future Far Eastern and U.S. competition with confidence.

Asuag is also looking for more diversified and reliable production facilities in Third World countries, including India. Hong Kong, at present the largest importer of Swiss-made watch components for re-export, is starting to look less attractive because of rising costs.

The world market for watches is estimated to be growing at 5 per cent annually, but that average figure understates the enormous growth potential for cheaper mass market watches. To expand further, Swiss watchmakers will have to exploit that market and a link-up with Asuag might allow SSIH to make use of its so far unproductive investments of the early 1970s instead of writing them off altogether.

High quality watches account for only 10 per cent of annual world sales with the best pickings going to prestigious but tiny Swiss companies such as Audemars Piquet, Patek Philipe, Vacherin Constantin and Piaget, whose products are usually handmade within the factory.

Slowdown in growth of OPEC deposits with western banks

BY PETER MONTAGNON IN BASLE

MEMBERS of the Organisation of Petroleum Exporting Countries (OPEC) increased their net deposits with Western banks by only $1.4bn in the final quarter of last year after a $7.3bn increase in the third quarter, according to latest figures from the Bank for International Settlements.

A gross increase in deposits of some $6.4bn was virtually offset by a $5bn rise in bank lending to these countries, marking an abrupt turnround from the first nine months of the year when OPEC countries had supplied the international banking system with a net $34bn in new funds.

The bank's figures give little clue as to the reasons for this change in activity, although its commentary does suggest that

QUARTERLY RETURNS

	4th qtr. 1979 $bn	4th qtr. 1980 $bn
Lending to		
BIS	588	704
Eastern Europe	56	60
OPEC	64	70
Non-oil LDC's	157	195
Total lending	1,111	1,323
External liabilities in		
BIS reporting area	686	824
Eastern Europe	15	16
OPEC	120	160
Non-oil LDC's	90	93
Total external liabilities	1,119	1,335

OPEC may have been a large indirect supplier of funds to the world's financial markets through fiduciary accounts held with Swiss banks.

High inflows from these accounts helped boost the flow of funds supplied to the international banking system from within Europe itself by a total of some $13.5bn during the final quarter of last year, the BIS said.

Indeed, the quarter as a whole was marked by a further strong growth in international bank lending, especially to developing countries. Eastern Europe and smaller developed countries, fuelled by a supply of funds generated principally from within the BIS reporting area.

As usual this is defined as comprising banks in the Group of 10 most developed countries, Switzerland, Ireland, Austria, Denmark and the branches of U.S. banks located in the main offshore centres of the Caribbean and Far East.

The BIS says that end-year book balancing by banks coupled with the strong appreciation of the dollar during the last 1980 quarter led to marked distortions in its statistics.

Its overall figures are affected by a large amount of inter-bank business and by valuation adjustments of lending in non-dollar currencies.

But it estimates the underlying real growth in international lending during the quarter amounted to $45bn, around $5bn more than the quarterly average in the first nine months of the year. Before adjustment, total international bank lending grew $75bn to $1,323bn, it says.

The strength of the dollar during the quarter led to a sharp increase in deposit activity in that currency, with Euromarket banks' liabilities in dollars rising by $12bn. At the same time borrowers were less anxious to run up debt in dollars.

Euromarket banks were thus compelled to switch dollar deposit inflows into other currencies, buying back dollars on the forward market to cover their positions.

At the same time they stepped up their lending in European some countries the rise in currencies, particularly as in domestic interest rates was smaller than the increase in Eurocurrency rates.

In other developments, the BIS reports that bank claims on Eastern Europe expanded by $3.7bn during the final quarter of last year, more than during the first nine months as a whole. However, deposits received from Comecon countries also increased, by some $2.6bn, despite a $300m reduction in its deposits with Western banks by Poland. At the end of 1980 Poland held only $600m on deposit with Western banks.

In a separate announcement the BIS said its board is proposing an unchanged dividend of SwFr 135 a share for the year ended March 31, 1981.

Philips chief steps down earlier than expected

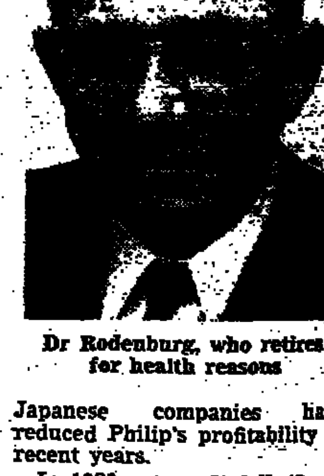
BY OUR AMSTERDAM CORRESPONDENT

DR NICO RODENBURG, 62, president and managing director of the Dutch electrical group Philips, will retire for health reasons at the end of this year, three years earlier than originally planned.

Dr. Wisse Dekker, 57, currently vice-president, will succeed Dr Rodenburg next January. Dr. Dekker held commercial positions in the company's South East Asia region before becoming chairman of its UK subsidiary in 1972. He joined the group managing board in 1976 and became vice-president three years later.

Dr. Rodenburg has spent nearly 30 years with the company, moving up through the telecommunications division to become group president in 1977. He is the company's fifth president but the first not to have come from the ranks of the founding Philips family.

Dr. Rodenburg is leaving at a difficult time for Philips. High costs, a fragmented production system and competition from Japanese companies have reduced Philip's profitability in recent years.


Dr Rodenburg, who retires for health reasons

In 1980 net profit fell 42 per cent to Fl 328m ($129m) on sales which rose 10 per cent to Fl 36.5bn.

Hermes rejects Olivetti

BY OUR GENEVA CORRESPONDENT

SHAREHOLDERS OF Hermes Precisa International, the Swiss maker of typewriters and office equipment, have refused to approve an agreement reached between their directors and Olivetti, the Italian office computer company allowing Olivetti to take a majority of voting rights in Hermes.

The refusal came at a shareholders' meeting at which they were also asked to approve an increase in Hermes capital base.

Under the accord with Olivetti reached last March, Hermes was to take complete ownership of Olivetti Switzerland, leaving the Italian parent the possibility of taking a majority stake later in Hermes.

The deal was made after a long search for a partner by Hermes which earlier unsuccessfully approached Siemens, the West German electronics firm. With a turnover of about SwFr 274m, Hermes was seeking help with expensive research and development.

Mr. Etienne Junod, a member of the Hermes board, described yesterday's decision by shareholders as "an incident on the road" to the link-up with Olivetti which did not definitively eliminate the chances of finding a solution with the Italian company.

Australian bank shares rise on bid speculation

By Our Sydney Correspondent

INTENSE ACTIVITY was seen on Australian stock markets yesterday, as speculation mounted that the Bank of New South Wales—which vies with the Australia and New Zealand Banking Group as the leading private sector bank in Australia—was preparing a bid for the National Bank of Australasia.

The National announced earlier this week a A$391m (U.S.$447m) bid for the Commercial Banking Company of Sydney, to run alongside the A$583m (U.S.$666m) bid by the ANZ for the Commercial Bank of Australia.

Shares in the National Bank jumped yesterday from A$3.35 to a level as high as A$4.50, before settling back to a closing level of A$4.30. The movements led the Melbourne Stock Exchange to seek explanation from the National. The market capitalisation of the National rose from the A$499m, at which it started the week, to A$670m at one point, to show a rise of about 34 per cent.

The shares of the Commercial Banking Company of Sydney came off their day's high of A$6.20—on the prospect of the takeover not going ahead—but finished 10 cents higher on the day, at A$5.80 each.

About 10m bank shares, in all, were traded in Melbourne and Sydney as investors contemplated the ramifications of the banks' bids.

Bank of New South Wales shares fell 15 cents to A$3.35 each, in view of the possibilities seen of a bid for the National, while the Commercial Bank of Australia was up 50 cents on balance to A$5.90, having touched a high of A$6.20 and ANZ shares fell 20 cents, to close at A$4.55.

Analysts here have suggested that a Bank of NSW offer for the National would force the Federal Government to intervene, because such a merger would create a bank with a 34 per cent share of trading bank deposits and a 19.6 per cent grip on savings bank deposits. It would also create a group with a market capitalisation at current prices of about A$1.5bn, and a likely annual profit this year of around A$268m.

Haifa Chemical exports ahead

By L. Daniel in Tel Aviv

HAIFA CHEMICAL, one of the world's largest producers of potassium nitrate, reports a 34 per cent increase in exports in 1980 to $69m. The forecast for 1981 exports is $88m.

Strong first-half result at Nampak

BY JIM JONES IN JOHANNESBURG

NAMPAK, the South African manufacturer of packaging products which is an indirect subsidiary of Barlow Rand, increased first-half pre-tax profit by 34 per cent to R36.07m ($43.28m) in the six months to March 31. In the corresponding period of 1980, pre-tax profit was R26.91m and for the year to September 30, 1980, R55.26m. First-half turnover reached R214.4m ($257.22m) against a first half figure of R158.9m last year and R327.2m for the year to September 30, 1980.

The management says that despite increased competition, all major divisions reported improved profits. However, margins were eroded by unexpected increases in raw material prices. These increases could not be passed on fully to customers

Although the South African economy has entered a period of lower growth, the management is confident that the benefits of rationalisation will be felt in Nampak's results for the current six months. The percentage improvement in earnings is forecast to be greater for the year as a whole than that recorded for the first six months.

An interim dividend of 25 cents has been declared from first half earnings of 66.4 cents a share. Last year the interim dividend was 21 cents and first-half earnings 57 cents a share. The year to September 30, 1980, resulted in earnings per share of 120.2 cents and a total dividend of 46 cents.

Verref lifts profits

BY OUR JOHANNESBURG CORRESPONDENT

THE South African manufacturer of refractory bricks, clay pipes and roof tiles, Vereeniging Refractories (Verref), in which Anglo American Coal Corporation has a 51 per cent interest, earned a profit of R5.04m ($6.05m) pre-tax in the three months to March 31, compared with a pre-tax profit of R3.08m in the same period of 1980.

The company has changed its financial year-end from December 31 to March 31, to correspond with that of Amcoal.

Turnover during the three-month accounting period was R28.2m ($33.83m) against R20.3m in the first quarter of 1980 and R102m for the whole year.

Although management forecasts that the company's profit will grow in the 15 months to March 31, 1982, it says that the growth rate will be lower than that of the first three months.

A dividend of 13 cents has been declared from the first quarter's earnings of 53 cents a share. Earnings were 190 cents a share in the year to December 31, 1980.

Higher costs hit earnings at Elektrisk Bureau

BY FAY GJESTER IN OSLO

ELEKTRISK BUREAU, a Norwegian manufacturer of telecommunications equipment, increased domestic sales and exports last year, but saw a decline in profit margins. This was the result of steep domestic cost increases which the group was not able to pass on fully to customers.

Group turnover increased by 5.5 per cent to NKr 1.47bn ($260m), including exports worth NKr 315m, while profits after depreciation reached NKr 112m ($19.87m) compared to NKr 114m. Profits correspond to 7.6 per cent of turnover, against 8.2 per cent in 1979.

Orders on hand fell to NKr 1.24bn at end-1980, from NKr 1.25bn a year earlier, mainly reflecting public sector investment curbs which cut new orders for Norway's telecommunications network. Export efforts by the company over recent years have, however, been producing better results, and several large foreign orders were booked in 1980.

Elektrisk Bureau recently won a development contract worth NKr 24m from Britain's Central Electricity Generating Board—believed to be the first that the board has ever placed outside the UK. The order could lead to equipment contracts worth an additional NKr 66m.

It covers design, production and testing of digital telephone exchanges for the CEGB's private network, which links power plants in England and Wales, and a special telephone system, based on the same technology.

Yokohama Rubber–Goodrich link ends

TOKYO — Yokohama Rubber Company, Japan's second largest manufacturer of tyres and other rubber products, said it had agreed to cut its 64-year-old capital tie-up with B. F. Goodrich Company of the U.S., signalling an end to the participation of U.S. interests in the Japanese tyre industry.

Under the agreement, Goodrich, Yokohama's largest shareholder, will transfer its 20 per cent share to a Japanese business group which includes Furukawa Electric and Asahi Life Insurance. The price for Goodrich's 38.19m shares in Yokohama will be set in future negotiations, Yokohama said.

The company said that Goodrich apparently had decided to withdraw from the car-tyre business because of the recent slump brought about by the depression in the U.S. car industry. The two companies would maintain their present technical co-operation agreement.

With the severing of the Yokohama-Goodrich capital link, all U.S. interests will have withdrawn from the Japanese tyre industry. Two years ago, Bridgestone Tire Company, Japan's top tyre maker, and Goodyear Tire and Rubber severed their ties. On Monday, Firestone Tire and Rubber said in the U.S. that it has sold its 19 per cent interest in Ohtsu Tyre and Rubber to Unitika, Japan's second largest nylon producer.

AP-DJ

Sharp gain for KEC

By R. C. Murthy in Bombay

KAMANI ENGINEERING Corporation (KEC), which was nursed back to health by its Government-appointed board, has turned in strong results for the third year in succession. Sales for the 12 months to September, 1980, rose by 39 per cent to Rs 510.92m ($61m), from Rs 381.57m in 1978-79. Pre-tax profits rose less sharply, by 28.63 per cent to Rs 59.80m ($7.2m).

But profits after tax were up 67.3 per cent to Rs 40.80m, from Rs 24.38m, helped by the Government reducing taxation on the corporate sector last year.

Kamani Engineering is engaged in the manufacture of electrical transmission line towers. It also undertakes electrical construction jobs on a turnkey basis.

WORLD STOCK MARKETS

Wall St. easier at mid-session

AFTER MONDAY'S fall, Wall Street made a mixed to easier showing yesterday morning in further moderate trading.

Analysts said worries about further increases in interest rates was the main factor, although concern about the Middle East situation was also contributing to the weak tone.

The Dow Jones Industrial Average, which receded 13 points Monday, was 1.17 softer at 962.27 at 1 pm. The NYSE All Common Index shed 7 cents more to $74.98, while declining issues outpaced advances by an eight-to-five margin. Trading volume picked up modestly to 28.92m shares from the previous day's 1 pm level of 25.57m.

Loews rose $2 to $87⅞ on sharply higher first-quarter net earnings.

M. Lowenstein declined 1¾ to $23⅞. The stock fell $13¼ on Monday on stating that previously announced talks on its possible acquisition by a large U.S. textile firm have been terminated.

Volume leader Pacific Gas and Electric gained ⅛ to $19⅞. A block of 500,000 shares were traded at $19⅞.

Among other active issues, American Telephone put on ½ to $56⅛ and Trans World ⅛ to $22½, but Gulf and Western slipped ¼ to $17.

THE AMERICAN SE Market Value Index was 1.04 lower at 356.62 at 1 pm after volume of 2.87m shares (3.24m).

Canada

Gains were posted in Paper and Real Estate stocks, but Golds and Oils suffered setbacks along with an easier tendency in the rest of the market. After active dealings, the Toronto Composite index, which retreated 16.2 on Monday, was 8.8 weaker at 2267.7 at noon. Golds declined 21.6 to 4,386.5 and Oil and Gas 17.7 to 4,614.8.

Brascan hardened ⅛ to C$34⅛. The company reported higher first-quarter earnings and raised its quarterly dividend.

Dome Petroleum slid ⅞ to C$100⅜. Conoco is suing Dome over its tender offer.

Ocelot Industries was up one point to C$39⅛. It has an interest in an Australian well that reported an oil flow.

Closing prices for North America were not available for this edition.

Tokyo

A sharp retreat occurred in heavy dealings on widespread profit-taking, although capital-intensive shares such as Heavy Electric Machines and Steels, together with Light Electricals and precision Instruments, mainly advanced afresh on increased foreign buying.

Brokers said the overnight Wall Street weakness in the face of another upward move in spiralling U.S. interest rates, combined with European market reaction to the election victory of Socialist Francois Mitterrand as President of France, had created a feeling of uncertainty in the Tokyo market.

The Nikkei-Dow Jones Average lost 70.95 to 7,480.24 and the Tokyo SE index 3.14 to 556.02. Falls outscored rises by 523 to 116 on the First Market section after volume of 350m shares, sharply in excess of Monday's 530m.

Motors and Motor Component issues led the sharp decline on worries about a revival of protectionist moves in Europe following the Socialist victory in the French Presidential election. Honda Motor fell Y50 to Y830, Nissan Y41 to Y779, Toyota Y30 to Y980 and Yamaha Y51 to Y900.

Paris

French stock prices took a further heavy beating in chaotic trading as investors continued to show their anxiety over the election on Sunday of Francois Mitterrand to the French Presidency.

The majority of shares were again suspended from trading with limit falls, with only 41 out of 140 traded. The start of trading had been delayed for 45 minutes because of the large number of selling orders, but the session was extended for half an hour in an attempt to trade shares which were still suspended.

After the extra half hour of trading, a total of 104 shares had returned from suspension with price falls of around 20 per cent compared with last Friday's close.

BSN was down FFr 227 to FFr 921, Marine Wendel FFr 9.75 to FFr 37.25, Michelin FFr 170 to FFr 660, Moulinex FFr 13.90 to FFr 56.90 and Thomson Brandt FFr 55 to FFr 195.

The Bourse index was not calculated because not all its constituent shares were traded. Monday's index, which included untraded shares at Friday's prices, was withdrawn.

Germany

Stock prices closed with mostly small mixed movements, having showed some recovery from lower opening levels caused by falling prices on the U.S. securities markets overnight.

The slight recovery was partially due to the arrival of French investors on the market. But brokers said domestic investor uncertainty following the election results in France and West Berlin had noticeably dampened trading activity. The Social Democratic Party defeat in the Berlin municipal elections on Sunday after governing for 31 years has cast a shadow on Chancellor Helmut Schmidt's ruling Social Democratic Government, they added.

Good business developed in Linde after its announcement of a 51.6 per cent increase in domestic group turnover in the first four months of 1981, the shares rising DM 1.20 to DM 319.

Public Authority Bonds generally turned easier, losing up to a point. The Bundesbank bought DM 1.1m net of paper after selling DM 30.7m on Monday.

Australia

Markets continued to show no clear trend, although rumours that Bank of NSW planned to launch a takeover of National Bank kept banking stocks on the boil.

National shares finished 70 cents higher at A$4.10 despite analysts' predictions that they would fall to about A$3 in reaction to National's recently announced share-exchange bid for CBC Bank.

CBC gained 10 cents more to A$5.80, while Bank NSW declined 15 cents to A$3.35 on talk that its mooted take-over could include a share issue.

ANZ, which has now revealed terms of its bid for CBA, dipped 15 cents to A$4.60, but CBA climbed 40 cents to A$5.90 for a two-day advance of A$1.30.

Hong Kong

Shares overcame initial weakness which reflected the overnight rise in U.S. Prime Rate to 19.5 per cent, and managed to close generally higher on the day.

The Hang Seng Index, which had recovered 37 points over the past two business days, receded 7.87 in early trading before moving ahead to end a net 9.58 stronger at 1,460.49. Total turnover on the four exchanges came to HK$380.54m, compared with Monday's HK$376.86m.

Property-based shares continued to benefit from the Hong Kong Government's proposal to relax rent controls. Hang Lung Development added 60 cents at HK$26.60. Cheung Kong 10 cents at HK$26.60, Sun Hung Kai Properties 40 cents at HK$15.10 and Swire Properties 30 cents at HK$18.80.

Johannesburg

Gold shares were easier on the lower Bullion price, but trading was quiet. Heavyweight producers were marked down between 50 and 175 cents and Mediums and Lightweights between 5 and 25 cents.

Indices

NEW YORK —DOW JONES

	May 11	May 8	May 7	May 6	May 5	May 4	1981 High	1981 Low	Since Cmpil'tn High	Since Cmpil'tn Low
◆Industr'ls	963.44	976.40	978.39	973.54	972.44	979.11	1024.05 (27/4)	951.57 (13/2)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me B'nds	58.51	58.41	58.37	58.44	58.50	58.80	65.78 (16/1)	58.57 (7/5)	—	—
Transport	410.29	418.40	416.77	415.13	411.92	417.07	447.38 (16/4)	379.18 (20/2)	447.38 (16/4/81)	12.23 (8/7/32)
Utilities	105.85	105.56	105.45	104.88	103.39	104.32	117.81 (5/1)	103.39 (5/5)	163.32 (20/4/69)	10.5 (28/4/42)
TradingVol 000's	37,640	41,990	42,590	47,100	49,000	40,430	—	—	—	—

◆Day's high 979.47 low 959.83

	May 8	May 1	Apr. 17	Yearago (approx
Ind. div. yield %	5.71	5.67	5.51	6.50

STANDARD AND POORS

	May 11	May 8	May 7	May 6	May 5	May 4	1981 High	1981 Low	Since Cmpil't n High	Since Cmpil't n Low
‡Indust'ls	146.94	148.36	149.47	148.44	147.98	149.11	157.02 (6/1)	143.75 (2/2)	160.96 (28/11/80)	3.52 (30/6/32)
Composite	128.71	131.66	131.67	130.78	130.32	130.67	138.12 (6/1)	125.58 (20/2)	140.52 (28/11/80)	4.40 (1/6/32)

	May 7	Apr. 30	April 15	Year ago (approx
Ind. div. yield %	4.69	4.61	4.56	5.56
Ind. P/E Ratio	10.83	9.37	10.59	7.40
Long Gov. Bond Yield	13.81	13.36	13.07	9.91

N.Y.S.E. ALL COMMON

May 11	May 8	May 7	May 6	1981 High	1981 Low
75.06	76.13	76.08	75.60	79.14 (6/1)	72.46 (20/2)

Rises and Falls	May 11	May 8	May 7
Issues Traded	2,008	1884	1,915
Rises	412	835	902
Falls	1,184	633	608
Unchanged	412	416	405
New Highs	22	23	14
New Lows	39	25	29

MONTREAL

	May 11	May 8	May 7	May 6	1981 High	1981 Low
Industrials	389.97	394.88	390.25	381.82	399.56 (10/4)	366.28 (20/2)
Combined	380.52	384.13	380.79	355.80	373.68 (2/4)	339.34 (20/2)
TORONTO Composite	2276.5	2299.7	2278.90	2267.60	2578.8 (10/4)	2151.4 (20/2)

NEW YORK ACTIVE STOCKS

Monday	Stocks traded	Closing price	Change on day
IBM	691,400	56⅞	−1⅞
Sears Roebuck	608,600	18⅛	−⅜
Conoco	520,500	55	−1⅜
Sony	481,000	20⅝	+1
Am. Tel. & Tel.	423,100	55⅝	+½
Storage Tech.	369,100	32	+⅛
NLT	343,000	35⅛	+¾
Dow Chemical	335,100	32⅜	−1½
General Motors	320,500	52⅛	−⅜
Uniroyal	296,400	8⅞	−¼

	May 12	May 11	May 8	May 7	1981 High	1981 Low
AUSTRALIA						
All Ord. (1/1/80)	700.9	700.8	699.2	702.4	737.5 (6/4)	641.1 (17/2)
Metal & Minris. (1/1/80)	602.9	607.5	604.4	508.4	735.2 (7/1)	564.9 (5/5)
AUSTRIA						
Credit Aktien (2/1/62)	61.95	61.93	61.57	61.56	65.46 (5/1)	61.49 (4/5)
BELGIUM						
Belgian SE (31/12/58)	79.21	78.64	79.85	78.75	86.15 (17/2)	79.21 (12/5)
DENMARK						
Copenhagen SE (1/1/75)	108.89	107.71	111.22	111.61	111.82 (6/5)	95.86 (2/1)
FRANCE						
CAC General (29/12/61)	(u)	(u)	109.8	109.4	112.5 (17/3)	103.1 (29/1)
Ind Tendance (31/12/80)	(u)	(u)	105.2	104.7	106.6 (13/3)	95.4 (27/1)
GERMANY						
FAZ-Aktien (31/12/58)	230.91	230.60	231.5	229.58	234.8 (24/4)	215.88 (9/2)
Commerzbank(Dec. 1953)	711.8	712.1	715.1	718.1	727.7 (27/4)	666.4 (16/2)
HOLLAND						
ANP-CBS General (1970)	91.6	92.2	91.6	91.5	93.5 (1/5)	85.7 (2/1)
ANP-CBS Indust. (1970)	70.6	70.8	70.5	71.8	72.9 (28/4)	62.8 (2/1)
HONG KONG						
Hang Seng Bank (31/7/64)	1460.49	1450.91	1431.11	1413.49	1650.82 (4/2)	1265.44 (17/3)
ITALY						
Banca Comm. Ital (1972)	265.64	265.56	269.50	268.57	271.57 (30/4)	173.36 (6/1)
JAPAN						
Dow Average (16/5/49)	7480.24	7551.19	7495.25	7440.52	7674.19 (30/4)	6956.52 (13/3)
Tokyo New SE (4/1/68)	556.02	559.16	552.50	549.11	560.86 (30/4)	495.79 (5/1)
NORWAY						
Oslo SE (1/1/72)	122.90	125.37	125.68	124.65	127.57 (4/5)	116.22 (15/2)
SINGAPORE						
Straits Times (1966)	894.84	902.31	905.04	895.00	906.04 (8/5)	755.52 (2/1)
SOUTH AFRICA						
Gold (1958)	(u)	648.9	637.3	623.2	797.6 (7/1)	561.3 (3/3)
Industrial (1958)	(u)	627.1	650.8	634.8	655.5 (1/5)	537.2 (5/2)
SPAIN						
Madrid SE (30/12/80)	117.74	(c)	117.47	116.40	117.74 (12/5)	100.46 (2/1)
SWEDEN						
Jacobson & P. (1/1/58)	507.57	503.59	499.36	485.69	507.57 (12/5)	404.17 (20/1)
SWITZERLAND						
Swiss BankCpn.(31/12/58)	295.4	295.5	294.9	295.3	304.2 (2/4)	267.0 (13/2)
WORLD						
Capital Intl. (1/1/70)	—	—	156.4	156.0	162.6 (6/1)	145.8 (17/2)

Base values of all indices are 100 except Australia All Ordinary and Metals—500; NYSE All Common—50; Standard and Poors—10; and Toronto—1,000; the last named based on 1975. † Excluding bonds. ‡ 400 industrials. § 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u unavailable.

COMMODITIES AND AGRICULTURE

Hormone ban rejected

By Larry Klinger in Brussels

COMMON MARKET Farm Ministers yesterday rejected a call for a total ban on the use of hormones in meat production.

Last night they were moving towards agreement on a compromise plan for controlling the use of hormones to quicken animal growth which stopped *far short* of the complete ban demanded by consumer groups following a health scare in Italy last year.

The plan, put forward by West Germany, would outlaw the use of some hormones considered to be dangerous. Italy and the Netherlands were still pressing for a wider ban, but most other countries were determined to continue the use of growth promotors, maintaining that there was no scientific evidence that all hormones were dangerous to health.

A complete, immediate ban would hit farmers' profits and *could* raise *meat prices. In* Britain it is estimated that a complete ban could add up to £30 per animal to beef production costs.

Consumer pressure for a complete ban on the use of hormones reached a crescendo late last summer following court rulings in Italy calling for the suspension of sales of veal and veal products, especially many varieties of baby food.

A consumer boycott led to a 50 per cent drop in sales in Italy, Belgium and France.

Zimbabwe sells maize to neighbours

By Our Correspondent in Salisbury

ZIMBABWE hopes to earn at least Zimbabwe $40m (£28m) from maize exports to neighbouring territories.

Zimbabwe's maize harvest this year is estimated at 2.8m tonnes of which 1.6m tonnes will be for domestic consumption.

Zimbabwe has secured export contracts to sell maize to Malawi (50,000 tonnes), Zambia (89,000 tonnes), Zaire *(40,000* tonnes) and Mozambique (94,000 tonnes).

These export sales represent less than 25 per cent of Zimbabwe's expected export surplus and the expectation here is that Zimbabwe will carry over a stockpile of at least 750,000 tonnes of maize

Cominco raises European zinc producer price

BY JOHN EDWARDS, COMMODITIES EDITOR

ANOTHER rise in the European zinc producer price, from $875 *to $925* a tonne, was announced last night by Cominco of Canada. It follows hard on the heels of the increase from $825 to $875 *introduced just over* a month ago by another Canadian producer, Noranda, which was somewhat reluctantly followed by other producers and European smelters.

It is far from certain this new rise will be accepted so quickly, in spite of the fact that there is a world shortage of zinc concentrates. Free market zinc values on the London Metal Exchange have moved up strongly during the past two months, boosted by trade and speculative buying and encouraged by U.S. zinc producer price increases.

But there are signs that the steam has gone out of the market, bearing in mind that demand, which is already poor in Europe, undergoes its traditional seasonal lull in the summer months ahead.

However, Cominco's announcement rallied the LME zinc market yesterday, which had fallen sharply in earlier trading. The cash price closed £12 down at £409.5 a tonne and fell further in late kerb trading before recovering when the Cominco price rise news came through. The three months quotation after touching a low of £405 on the late kerb still ended well down on the previous day at £416, partly reflecting disappointment that early rumours of a Cominco move to $950, *instead of $925, had not been* sustained.

The recent rise in LME zinc prices has been encouraged, ironically, partly by the threat *of a strike at Cominco's giant* Trail smelter in British Columbia, which now seems to have been averted. Reported buying by U.S. consumers and Communist bloc countries helped boost values but the market has also been heavily influenced by speculative interest.

There was an exceptionally heavy turnover of 16,000 tonnes on the LME zinc market yesterday reflecting the general interest in zinc, which is normally one of the quieter markets.

Other metals were generally easier, with the exception of tin. Confirmation that Boliden, the Swedish mining group, is lifting its force majeure on deliveries helped depress lead and copper. *Tin, however, was boosted* by a sharp rise in the Penang market overnight which traders believe was the result of support buying by the buffer stock of the International Tin Agreement.

British cheese to cost more

BY OUR COMMODITIES STAFF

BRITAIN'S leading cheese manufacturer is raising its *wholesale prices by 9p a lb* from the beginning of next month, mainly as a result of the increase granted to farmers at the annual EEC farm price fixing in April.

Dairy Crest Creameries, which is owned by the Milk Marketing Board (MMB), announced yesterday it will raise its first-hand selling price for Cheddar cheese by £195 to £1,970 a tonne from June 1. Other territorial cheeses will also go up by £195 a tonne and Stilton by £200.

How much of the rise will be passed on to consumers will depend on the policy of individual retailers, the board said. Dairy Crest accounts for more than 40 per cent of England *and Wales cheese production.*

An MMB spokesman commented: "In large measure this is a direct consequence of the EEC farm price review," but added that there were other factors at work. After the review it was estimated that cheese prices would have to rise *7p a lb eventually as a result* but few people thought it would work through to the *shops this quickly.*

The spokesman explained that cheddar had been yielding a low return for manufacturers and milk producers for some time. British milk going into cheese production had been yielding less than that used for butter to be sold into intervention, he pointed out.

This has led to reduced production and a tight stock position. In the 1980/81 season *total* UK cheese output was 188,000 tonnes, down 5,000 from the previous year.

"We are determined to make this price increase stick in order to restore the return on cheese manufacture to a realistic level, thus avoiding an inevitable contraction in British cheese manufacture," the spokesman declared.

Change in CAP urged

BY RICHARD MOONEY

PROFOUND CHANGES in the way the EEC's common agricultural policy (CAP) operates are to be urged by the agricultural committee of the European Parliament.

A draft report on the CAP* by Sir Henry Plumb, the committee's chairman and a former president of Britain's National Farmers' Union calls for the adoption of output targets for farm products above which further production would be discouraged by *reduced returns.

Such a system has been suggested and rejected before, but, Sir Henry, presenting his plan to journalists in London yesterday, said the Community's financial problems *made it more urgent than ever* that a *more* consistent and cost-effective policy should be adopted.

The report has yet to be adopted by the committee meeting on May 21. It is then due to go before the European Parliament itself at the June *15-19* plenary session.

Australia seeks EEC farm lobby

By Patricia Newby in Canberra

AUSTRALIAN PRIMARY producers are to investigate the possibility of establishing an Australian farm lobby in Brussels to bring pressure on the EEC over its Common Agricultural Policy.

Rural producer groups in Australia are alarmed at growing EEC agricultural surpluses which are leading to what Australia regards as "dumping" of subsidised commodities on world *markets in competition* with efficient producers.

The Cattle Council of Australia yesterday suggested that a delegation of primary producers go to Europe to investigate and recommend the most effective form of industry representation within the Community.

Suggestions include engagement of a top level consultant or lobbyist in Europe on a part-time or full-time basis or the setting up of a permanent office.

Sugar at 18-month lows

WORLD SUGAR prices fell to new 18-month lows yesterday as slack demand continued to meet with plentiful supplies available for prompt delivery. The October position on the London futures market ended the day £5.55 down at £173.575 a tonne.

Traders noted, however, that there had been signs of resistance to further falls at the lower levels. This might have *been linked to talk that China* was back in the market as a buyer, they said, noting that China was always a very price-conscious buyer and may have been encouraged by the recent substantial decline.

Fall in cocoa continues

By Our Commodities Staff

A BIG rise in British cocoabean usage int he January/March quarter announced yesterday failed to halt the slide in cocoa *futures prices.*

The Ministry of Agriculture announced that grindings in the first quarter totalled 21,400 tonnes, 38.4 per cent up from the *corresponding period last year.*

But on the London futures market the July position ended the day £16 lower at £909.5 a tonne—the lowest level since mid-February.

MARKET PROFILE: GRAIN

Low prices still too high for poor nations

BY ROY HODSON

WORLD GRAIN prices are at their lowest point since World War Two after adjustment for inflation. After peaking last October at around $190 a tonne for wheat they are now around $180 a tonne. By comparison prices reached well over $200 a tonne in the mid-1970s.

The current price level is not seen by the world grain trade as an abnormally low point, soon to be left far behind in the charts. The market is working on the premise that there will be decent crops from the world's main producers this year and no large price changes.

The present stability of grain prices at low levels cannot, however, be credited to the international management of the trade by growers, producers, and government.

The International Wheat Council (IWC) operates from *headquarters* in London and represents about 95 per cent of world grain exports through 10 producing nations, together with about 75 per cent of world *imports through* 50 members (China being a conspicuous absentee). Yet representation does not mean organisation in the case of the grain trade.

The IWC members have failed to agree upon a new international wheat agreement to manage stocks and/or prices. A weak agreement was contrived as a holding instrument only 10 years ago. It was brought in after a previous deal to stabilise the trade by imposing a price *ringe upon exporters and* importers had broken down. The 1971 agreement, born in a spirit of compromise, kepps the IWC in being as a forum for the exchange of information. That agreement is about to go into its sixth extension period in the absence of anything stronger to control the trade.

The U.S. is the world's biggest grain exporter and its overseas trade of some 42m tonnes of wheat and 70m tonnes of coarse grains annually is nearly half the total world trade. That trade was affected by one overriding influence from the beginning of 1980 until last month: the U.S. embargo on grain sales to Russia.

President Reagan has now lifted the embargo and there has been very *little consequent* effect upon the market. It is not even certain whether Russia will immediately approach the U.S. for new supplies. There is the prospect of a much improved Russian harvest this year and Argentinian coarse grains have been in good supply to provide a proportion of Russia's needs for animal feed.

The low level of grain prices is unlikely to be changed in coming months by any factors short of international calamities of a natural or man-made *nature.*

Given freedom from widespread wars or disastrous weather the IWC is forecasting a world wheat harvest of between 460m tonnes and 475m tonnes this year which will match almost exactly with the council's calculation of a world *consumption* of 470m tonnes.

The eerily stable situation is posing a dilemma for producers and consumers alike. Grain is already too expensive for the developing nations to buy all they need for their fast-growing requirements, but grain is also too cheap for the growers to find much incentive to increase production. While prices have fallen in real terms in recent years the costs of fuel and fertilisers—the essential equipment of modern mechanised farming—have soared. Some farmers are already finding it difficult to keep up production at *current rates of* return.

The developing countries now pay to import about 35m tonnes of grain a year. That is in addition to the 7.5m tonnes of grain (mostly wheat) which is provided to them free, or on easy credit terms, each year through the food aid convention (part of the 1971 International Wheat Agreement).

All the evidence points to demand for grain from the developing countries continuing to increase at a fast rate as their urban communities expand and with them the need for a staple convenience food, as living *standards improve*, and as the drift away from other traditional starch foods such as rice, and tapioca continues.

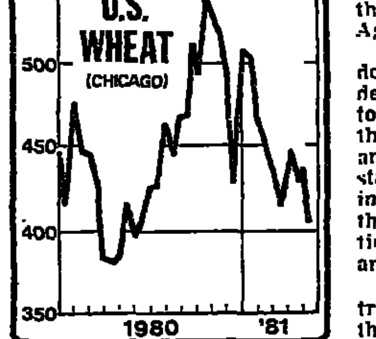
Already some of these countries are sorely-strected to meet their grain bills. How can they continue to increase their imports and also be prepared to pay the higher prices that the grain producers will need to stay in business?

No adequate solution has yet been propounded for that world *problem. One answer may* be to assist the developing nations to manage their grain requirements better. One of the proposals for a new International Wheat Agreement is that there should be some means of financing resources and grain stocks in developing countries.

At present few of them can afford to carryover stocks from one year to the next. The IWC would like to se IMF or World Bank assistance being channelled into the building of grain silos in these countries where grain is now an essential basic foodstuff but supplies must be imported.

THE U.S. Agriculture Department predicted total world grain production would reach 1.65bn tonnes in the 1981-82 season, 5 per cent above the 1980-81 outturn and 6.5 per cent above the 1979-80 harvest.

***World wheat output is* now expected to be a record 463m tonnes. This compares**



with a 1980-81 crop of 439m tonnes and a 1979-80 harvest of 422m tonnes.

Production of coarse grains, which includes maize, sorghum, barley, oats, rye and other miscellaneous grains, is forecast for 1981-82 at 777m tonnes, up from 725m tonnes in 1980-81 and 740m tonnes in 1979-80.

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Little changed in quiet trading on the London Metal Exchange with forward metal moving between £858 and £855 before closing the late Kerb at £857. Turnover: 13,275 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	833-4	—9.75	833-4	—1.75
3 months	857-.5	—8	857-.5	—2
Settlem't	834	—9.5	—	.....
Cathodes				
Cash	825.5-6	—8.5	826.5-7	—.25
3 months	845.5-6	—8.75	846-7	.....
Settlem't	826	—8.5	—	.....
U.S. Prod.	—		*83.65-88	.....

Amalgamated Metal Trading reported that in the morning three months wirebars traded at £856, 57, 58, 57.5, 57, 57.5. Cathodes, cash £826, three months £846, 45.5, 46. Kerb: Wirebars, three months £857. Afternoon: Wirebars, three months £855, 55.5, 56, 57, 56.5, 57, 57.5. Cathodes, cash £826.5. Kerb: Wirebars, three months £857.5, 57, 57.5.

TIN—Moved ahead as a sharp rise on the Penang market, reflecting talk that the Buffer Stock Manager had been purchasing material, saw forward metal *rise from £6,130 to a high of £6,185* before U.S. selling prompted a close of £6,160. Turnover: 750 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	6090-5	+46	6070-90	+65
3 months	6180-5	+46	6175-85	+65
Settlem't	6095	+45	—	.....
Standard				
Cash	6090-5	+45	6070-90	+65
3 months	6180-5	+45	6175-85	+65
Settlem't	6095	+45	—	.....
Straits E.	$1929.72	+9.44	—	.....
New York	—	.....		

Morning: Standard, cash £6,080, 90, three months £6,180, 50, 60, 70, 75, 80, 85. Kerb: Standard, three months £6,185, 80. Afternoon: Standard, three months £6,170, 60, 80, 75, 80. Kerb: Standard, three months £6,170, 80, 60, 60.

LEAD—Lower in active trading with forward metal moving erratically between £341 and £330. Three months rose to the day's high on the premarket owing to good trade demand but fell back to £330 in the afternoon Rings following heavy selling pressure. However, the market rallied strongly in the second afternoon Ring, despite heavy selling of zinc, and closed the *late Kerb at £337. Turnover: 14,300* tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	331.5-2	—5.75	327-.5	—9.5
3 months	339.5-40	—6	335.5-6	—8.75
S'ment	332	—6		.....
U.S. Spot	—	.....	*36-8	.....

Morning: Cash £331, 31.5, three months £338, 37, 36.5, 37, 38, 37.5, 38, 38.5, 40, 39.5. *Kerb:* Three months £339, 38, 37, 37.5, 38. Afternoon: Cash £328, three months £337, 36, 35, 34, 33.5, 33, 32, 31, 30, 31, 32, 33, 34, 35, 35.5. Kerb: Three months £336, 35.5, 36, 37, 36.5, 37, 36, 37.

ZINC—Heavily traded. Forward metal fell back from £429 to £419 in the morning as heavy trade selling was reported, before recovering to £428 over *the lunchtime period on strong rumours* of an imminent producer price increase to $950 by Cominco. The market again came under sustained and heavy influential selling pressure in the afternoon Rings and fell to £406 on the *Kerb prior to rallying to £416.5* at the close in the wake of the producer price rise to $925 by Cominco. Turnover: 25,300 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
	£	£	£	£
Cash	418-9	—9	409-10	—12
3 months	427.5-8	—8	418-9	—11¼
S'ment	419	—9	—	.....
Primw'ts		.....	*45.75	.....

Morning: Three months £422, 20, 19, 20, 23, 24, 24.5, 26.5, 26, 27, 27.5, 28, 27.75, 28, 27.5. Kerb: Three months £427, 26.5. Afternoon: Three months £427, 26, 25, 23, 22, 21.5, 21, 20, 19, 17, 18. Kerb: Three months £415, 14, 12, 13, 12, 10, 9, 8, 7, 6, 5, 6, 7, 9, 10, 11, 12, 13, 15, 15.5, 16, 17, 16.

ALUMINIUM—Quietly steady with forward metal moving in a £2 range before ending the day at £640.5. Turnover: 6,825 tonnes.

Alumin'm	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
	£	£	£	£
Spot	619-20	+2.5	620-1	—1.5
3 months	639-.5	+3	640-.5	—1.25

Morning: Three months £639, 40, 41, 40, 39, 39.5, 39. Kerb: Three months £640. Afternoon: Three months £639, 40, 40.5, 41, 40.5, 40. Kerb: Three months £640, 39, 40.

NICKEL—Easier in quiet trading which saw forward metal dip to £3,060 prior to closing the afternoon Kerb at £3,067.5. Turnover: 588 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
Spot	3105-10	—57.5	3086-8	—55
3 months	3080-5	—48	3065-70	—22.5

Morning: Three months £3,080, 85. Kerb: Three months £3,075. Afternoon: Cash £3,085, 88, three months £3,070, 60, 70. Kerb: Three months £3,065.

* Cents per pound. ‡ M$ per kilo. † On previous unofficial close.

SILVER

Silver was fixed 11.9p an ounce lower for spot delivery in the London *bullion market yesterday* at 529.7p. U.S. equivalents of the fixing levels were: spot $11.10, down 32c; three-month $11.636, down 32.8c; six-month $12.131, down 33.3c; and 12-month $13.013, down 36.2c. The metal *opened at 532-539p ($11.15-11.30) and* closed at 521-528p ($10.90-11.05).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E.* p.m. Unoffic'l	+ or —
Spot	529.70p	—11.8	518.5p	—19.7
3 months	545.40p	—12.5	534.75p	—18.7
6 months	561.20p	—12.5	—	.....
12 months	592.50p	—15.2	—	.....

LME—Turnover 86 (208) lots of 1,000 ozs. Morning: three months 545, 43, 44, 43.5, 44. Kerb: Three months 543, 42.5. Afternoon: Three months 539, 40, 41, 37, 36, 33, 34. Kerb: Three months 533, 34, 35.

COCOA

In spite of a 38.4 per cent increase in first quarter 1981 UK grinding figures, aggressive, chartist and commission house selling coupled with trade hedging of producer sales caused futures prices to close £15 down. Widespread offtake was found among manufacturers who took the opportunity to extend cover and also to continue price-fixing, reports Gill and Duffus.

COCOA	Yes'rday's Close	+ or —	Business Done
May	897-899	—11.5	905-895
July	909-910	—16.0	920-909
Sept.	928-929	—16.0	938-925
Dec.	951-952	—17.0	962-950
March	970-971	—17.0	983-969
May	989-990	—15.0	999-998
July	1004-1008	—14.5	1012-1005

Sales: 4,178 (1,255) lots of 10 tonnes.

ICCO Futures—Daily price for May 11: 91.20 (91.88); five-day average 91.30 (91.47).

WOOL FUTURES

LONDON NEW ZEALAND CROSSBREDS—Close (in order: buyer, seller, business). *New Zealand cents per kilo.* May 354 buyer, nil; Aug. 368, 370, nil; Oct. 371, 373, 372-371; Dec. 375, 377, 377; Jan. 378, 381, 377; Mar. 382, 383, 382; May 388, 391, 390-389; Aug. 400, 403, 401-400; Oct. 402, 405, nil. Sales: 44.

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business). Australian cents per kilo. May 477.0, 479.0, 479.0-477.0; July 491.0, 491.5, 492.0-491.0; Oct. 488.5, 487.5, 488.7-487.5; Dec 493.0, 495.0, 493.8-492.0; *March* 501.0, 502.0, 500.0; May 507.9, 508.0, 508.0-507.0; July 514.0, 515.0, 514.0; Oct. 513.0, 515.0, 513.0. Sales: 230.

COFFEE

Robustas continued the recent pattern with values consolidating in a narrow range after opening slightly easier, reports Drexel Burnham Lambert. Cross trades of approximately 1,200 lots coupled with fairly good commission house business boosted the day's turnover although trade selling around the highs prevented any sharp recovery from earlier losses.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
May	1051-52	—1.5	1053-47
July	1064-65	—0.5	1067-61
Sept.	1065-66	—	1067-62
Nov	1055-56	+1.0	1058-52
Jan	1050-51	+1.5	1053-42
March	1041-46	—1.5	1043-36
May	1043-50	—3.5	1048-44

Sales: 2,561 (2,004) lots of 5 tonnes.

ICO Indicator prices for May 11: (U.S. cents per pound): Comp. Daily ICA 1976 120.71 (120.54); 20-day average 120.48 (120.43).

GAS OIL FUTURES

The market opened about $3 lower and rose on light trading before falling back to the lows before lunch. Slightly bullish news of increasing Middle East tension pushed the market up sharply to the highs in the early afternoon before prices fell to close unchanged to $2 lower, reports Premier Man.

Month	Yesterdys close	+ or —	Business Done
	$ U.S. per tonne		
June	277.00	.....	278.00-74.50
July	277.50	—0.50	279.00-74.50
August	281.25	—1.75	284.00-80.00
September	287.00	.....	288.50-85.00
October	290.25	—0.25	291.00-88.00
November	295.00	+0.50	296.00-95.50
December	300.00	—0.50	300.00-90.00
January	303.50	—0.75	—
February	307.50	—2.00	—

Turnover: 563 (469) lots of 100 tonnes.

GRAINS

Old crop wheat opened 15p lower. *A weaker physical market eased the* futures, the main trade being in July with values closing 65p-75p down on the day. May barley opened unchanged. Values remained about steady in thin volume, dipped 35p on *selling pressure from shipper sources* on the close. New crops opened unchanged on the wheat and 10p lower on barley, values eased 25p-50p on wheat but values held slightly steadier to close unchanged to 10p down on *barley. Acli reports.*

Mnth.	WHEAT Yesterd'ys close	+ or —	BARLEY Yesterday close	+ or —
May	114.00	—0.75	101.10	+0.55
July	116.00	—0.65	—	—
Sep.	101.75	—0.25	95.65	—0.05
Nov.	105.45	—0.55	99.30	—0.10
Jan.	109.40	—0.55	102.90	—
Mar.	113.10	—0.50	*106.30*	*—0.05*

Business done—Wheat: May 114.20-114.00, July 116.50-116.00, Sept. no trade, Nov. 105.55-105.45, Jan. 109.70-109.35, March 113.15-113.10. Sales: 186 *lots of 100 tonnes. Barley: May* 101.45-101.40, Sept. 95.65-95.50, Nov. 99.30 one trade, Jan. 102.90-102.80, March 106.20-106.10. Sales: 137 lots of 100 tonnes.

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No. 2, 14 per cent: May 108.75, June 108, July 106.75, transhipment East Coast sellers. U.S. Hard Winter, 13½ per cent: June 106.25, July 106, transhipment East Coast *sellers. English Feed, fob: Sept.* 104.75 traded East Coast. Maize: French: May 126.50 sellers, transhipment East Coast. South African Yellow: June-July 90.00 sellers. Barley: English Feed, fob: May 106.25, June 106.25, July 27-Aug. 10 97.50, *Aug. 97.25, Sept. 99.25,* Oct.-Dec. 103.50 East Coast, sellers. Rest unquoted.

HGCA—Locational ex-farm spot prices. Other milling wheat: W. Mids. 118.00. Feed barley: S. East 110.30, S. West 101.30, W. Mids. 100.20, N. West 110.70. The UK Monetary Coefficient for the week beginning Monday May 18 (based on HGCA calculations using five days exchange rates) is expected to remain unchanged.

RUBBER

The London physical market opened about unchanged, with little interest throughout the day, closing quiet. Lewis and Peat reported a fob June price for No. 1RSS in Kuala Lumpur of 268.5 (266.0) cents a kg and SMR 238.0 (same).

No. 1 R.S.S.	Yest'r'ys close	Previous close	Business Done
June	56.10-56.20	54.60-56.00	56.50-56.20
July	57.20-57.30	56.00-56.80	57.30-57.20
Jly-Sept	58.50-58.60	57.80-58.00	58.50-58.30
Oct-Dec	61.70-61.80	61.00-61.10	61.90-61.20
Jan-Mar	64.50-64.60	63.60-63.70	64.40-64.00
Apl-Jne	67.40-67.50	66.40-66.70	—
Jly-Sept	70.20-70.30	69.50-69.50	—
Oct-Dec	73.00-73.20	72.70-72.30	73.20-73.10
Jan-Mar	75.80-75.90	74.80-75.10	75.80-75.50

Sales: 215 (161) lots of 15 tonnes 8 (nil) at 5 tonnes. Physical closing prices (buyers) were: Spot 54.50p (53.50p); June 58.25p (57.25p); July 58.75p (57.50p).

SOYABEAN MEAL

The market opened with losses of £2 on a bearish interpretation of USDA crop reports. Prices continued under pressure, reports T. G. Roddick, with long liquidation and stop loss selling closing on the lows with losses of £3-4.

	Yesterdys Close	+ or —	Business Done
	£ per tonne		
June	150.80-51.0	—3.55	152.10-51.00
August	151.20-51.4	—3.80	155.00-51.10
October	155.60-54.0	—2.60	156.00-55.60
December	154.70-55.1	—3.60	154.80-54.70
February	156.00-56.0	—2.75	—
April	157.00-40.0	—2.55	—
June	157.00-42.0	—5.50	—

Sales: 164 (38) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar £168.00 (£180.00) a tonne cif May-June shipments. White sugar daily price £190.00 (£196.00).

Prices were soon offered £2 below overnight levels with all positions later falling to new life-of-contract low points, reports C. Czarnikow.

No. 4 Contract	Yest'rdy's Close	Previous Close	Business Done
	£ per tonne		
Aug.	171.50-71.65	177.50-77.80	179.00-70.75
Oct.	175.50-75.65	178.00-78.25	181.50-72.75
Jan.	175.50-76.00	180.50-81.00	177.60-75.00
March	178.75-79.00	184.00-85.00	188.00-78.00
May	181.25-82.00	186.25-86.50	182.00-78.00
Aug	182.15-85.00	187.00-88.50	184.00-82.00
Oct.	184.25-85.00	189.00-91.00	186.00

Sales: 8,632 (6,698) lots of 50 tonnes.

Tate and Lyle ex-refinery price for granulated basis white sugar was £342.5 (same) a tonne for home trade and £253.0 (£267.0) for export.

International Sugar Agreement *(U.S. cents per pound) fob and stowed* Caribbean port. Prices for May 11: Daily price 14.46 (15.03); 15-day average 15.60 (15.80).

COTTON

LIVERPOOL—Spot and shipment sales amounted to 110 tonnes, bringing the total for the week so far to 470 tonnes. Offtake was rather slower, with limited dealings, but attention ranged over numerous qualities, including both North and South American growths.

*

HIDES—Birmingham. The market was firmer. Second clears. Ox: 31-35.5 kg, *45.0p a kg (42.0p a kg)*; 26-30.5 kg, 43.4p a kg (40.3p a kg); 22-25.5 kg, 49.1p a kg (47.7p a kg withdrawn). Light cows: 25.5 kg, 36.8p a kg 38.2p a kg).

POTATOES

LONDON POTATO FUTURES—After a hesitant start, all positions moved lower with continuing good growing weather in most areas. Profit-taking mid-afternoon caused a slight rally, but prices eased again towards the close, reports Coley and Harper. Closing prices: Nov. 58.20, —1.40 (high 59.50, low 58.20): Feb. 66.50, —1.30 *(high 67.80, low 66.40)*: April 73.50 —1.30 (high 75.00, low 73.20). Turnover: 161 (178) lots of 40 tonnes.

PRICE CHANGES

	May 12 1981	+ or —	Month ago
Metals			
Aluminium	£810/815	.....	£810/815
Free Mkt	$1295/1325	.....	$1380/410
Copper			
Cash w'bar	£833.5	—1.75	£826.5
3 mths	£857.25	—2	£846.25
Cash Cathode	£826.75	—0.25	£819
3 mths	£846.5	.....	£835
Gold troy oz	$482.5	.....	$485.5
Lead Cash	£327.25	—9.5	£343.5
3 mths	£335.75	—8.75	£348.25
Nickel	£3,504.58	.....	£3,579.50
Freemkt	295/310c	.....	290/305c
Platin'mtr'y oz	£213.5	.....	£213.5
Freemkt	£223.20	—3.9	£213.80
Quicksilver†	$425/435	+5	$410/420
Silver troy oz	529.70p	—11.8	519.10p
3 mths	545.40p	—12.5	534.40p
Tin Cash	£6,080	+65	£6,205
3 mths	£6180	+65	£6,215
Tungsten 22.04lb	$147.31	.....	$149.08
Wolfrm 22.04 lb	$142/145	.....	$144/147
Zinc Cash	£409.5	—12	£366
3 mths	£418.5	—11.25	£377.25
Producers	$875	.....	$825/875
Oils			
Coconut (Phil.)	$545x	.....	$532.5
Groundnut	‡	.....	‡
Linseed Crude	£424	.....	£406
Palm Malayan	$570y	—5	$570
Seeds			
Copra Philip	$380u	—5	$375
Soyabean (U.S.)	$316	—4	$315
Grains			
Barley Fut. Sep	£95.65	—0.05	‡
Maize	£126.5	—0.5	£125.5
Wheat Fut. Sept	£101.75	—0.25	‡
No2 HardWint	£106.25z	+0.55	£105.25
Other commodities			
Cocoa ship't	£1,010	—16	£1,033
Future July	£909.5	—16	£959
Coffee Ft. July	£1064.5	—0.5	£1,048.5
Cotton A.Index	87.15c	—0.85	88.60c
Rubber (kilo)	54.5p	+1	53p
Sugar (Raw)	£168	—12	£200
Woolt'ps 64s kl.	335p kilo	+5	324p kilo

‡ Unquoted. u May-June. v June-July. x June. y July. † Per 76-lb flask.

MEAT/VEGETABLES

SMITHFIELD—Pence per pound. Beef: Scotch killed sides 75.4 to 78.3; Ulster hindquarters 90.0 to 94.0, forequarters 53.0 to 58.0; Eire hindquarters 91.0 to 94.0, forequarters 54.0 to 58.0. Veal: Dutch hinds and ends 122.0 to 129.0. Lamb: English small 82.0 to 94.0, medium 88.0 to 90.0. Imported frozen: New Zealand PL 70.0 to 70.0, PM 67.0 to 69.0. Pork: English, under 100 lb 48.0 to 52.0, 100-120 lb 46.0 to 51.0, 120-160 lb 43.5 to 50.0.

MEAT COMMISSION—Average Fatstock prices at representative markets on May 12. GB—Cattle 93.82p per kg lw (+2.30). UK—Sheep 186.07p per kg est dcw (—3.06). GB—Pigs 75.25p *per kg lw (+2.16).*

COVENT GARDEN—Prices for the bulk of produce, in sterling per package except where otherwise stated. Imported Produce: Oranges—Outspan: Navels 48 4.50, 64 4.70, 72 5.00, 88 4.20, 112 4.00, 138 3.80; Californian: 88/138 4.50-4.80; Jaffa: Valencia Lates 50/189 4.30-4.85; Cyprus: Valencia Lates 80/120 3.20-3.50; Moroccan: Lates 64/113 3.20-3.80. Lemons—Spania: Trays 25/50 2.20-2.40; Boxes 80/100 5.50; Californian: 115/140 5.80-6.20; Italian: 100/120 4.50-4.80: Outspan. 80/100 5.80-6.20; Jaffa: Cases 60/90 5.00-5.20. Grapefruit—Outspan: 40 4.20, 48 4.50, 64 4.70, 72 4.50; Cyprus: 20-kg 40/64 3.80-4.80; Jaffa: 20-kg 36/75 3.85-4.65. Topaz—Jaffa: 22-lb 40/80 4.00-4.50. Apples—S. African: Granny Smith 6.80-7.00, Golden Delicious 7.50-7.80, Starking 7.00-7.50; Chilean: Granny Smith 6.50-6.80; Canadian: McIntosh Reds 3.20; U.S.: Red Delicious 8.50-10.00; French: Stark Crimson 40-lb 5.40-6.20, Golden Delicious 40-lb 25/175 4.00-4.80; 20-lb 72 2.40; 84 2.00; Italian: 40-lb Romes 60/70 4.40-4.80; New Zealand: Cox's Orange Pippins 980 10.30, Captain Kidd 7.00, Spartans 7.00; Tasmanian: Jonathan 6.50-6.80, Cox's 8.00-8.50. Pears—Belgian: Conference per pound 0.10-0.12; Italian: Passacrassane 0.12-0.14; S. African: Packhams 6.00-7.00, Beurre Bosc 5.20, Nelis 5.50.

*

GRIMSBY FISH—Supply good, demand good. Prices at ship's side (unprocessed) per stone: Shelf cod £4.20-£5.00, codlings £2.20-£3.50. Large haddock £3.20-£3.90, medium £3.00-£3.60, small £2.20-£3.20. Best small plaice £3.40-£4.50. Skinned dogfish (medium) £2.00-£4.00. Lemon soles (large) 9.50, (medium) £8.50. Saithe £2.00-£2.60.

AMERICAN MARKETS

NEW YORK, May 12.

The precious metals and copper markets fluctuated widely with light support developing in copper on the close while gold and silver were mixed with commission house liquidation in silver. The livestock complex closed *sharply lower to limit down on heavy* commission house liquidation in reaction to high interest rates. The grain and soyabean complex also declined sharply on technical and professional selling, reported Heinold.

Copper—*May* 79.99 (79.40), *June* 80.70 (80.30), July 82.00-82.15, Sept. 84.75-84.80, Dec 88.80-89.10, Jan. 90.25, Mar. 92.75, May 95.10, July 97.45, Sept. 99.80, Dec. 103.30, Jan. 104.50, Mar 106.75.

Potatoes (round whites)—Nov. 71.0-71.2 (72.0), Feb 78.1-79.0 (78.5), Mar. 83.1, April 94.4-94.5. Sales: 341.

Sugar—No. 11 July 14.25-14.30 (14.58), Sept. 14.65-14.70 (14.95), Oct. 14.85-14.90, Jan. 14.95-15.05, Mar. *15.51-15.55, May 15.70-15.73, July 16.05-*16.10, Sept. 16.25, Oct. 16.35. Sales: 8,430.

Tin—590.00-600.00 (590.00-598.00).

CHICAGO, May 12.

Lard—Chicago loose 19.50 (20.00).

Live Cattle—June 67.75 (69.25), Aug. 65.80-65.90 (67.40), Oct. 64.52, Dec. 65.55, Feb. 67.30, April 68.40, June 69.70.

Live Hogs—June 47.90-48.00 (48.95), July 50.60-50.70 (52.20), Aug. 51.47, Oct. 50.47-50.55, Dec. 53.10-53.05, Feb. 55.47, April 55.10, June 58.10, July 57.50.

‡‡Maize—May 340-339 (348½), July 350¼-350 (358¾), Sept. 360¼-360¼, Dec. 365¼-364¾, Mar. 378½-379½, May 386½-386.

Pork Bellies—May 48.00 (50.00), July 49.25 (51.25), Aug. 49.07, Feb. 65.40, March 65.80, May 67.10, July 68.35, Aug. 68.00.

†Soyabeans—May 737½-729 (750½), July 759½-761 (770½), Aug 767-768, Sept. 772½, Nov. 787-787½, Jan. 806½-807, Mar. 829-830, May 846-845.

‖Soyabean Meal—May 216.5-217.0 (219.8), July 220.0-220.5 (223.0), Aug. 221.5, Sept. 223.0, Oct. 224.5-225.0, *Dec.* 230.5-230.0, *Jan.* 233.0, Mar. 240.0-240.5, May 244.0.

Soyabean Oil—May 22.80 (22.96), July 23.50-23.58 (23.67), Aug. 24.00, Sept. 24.45-24.50, Oct. 24.80-24.90, Dec. 25.43-25.50, Jan. 25.75-25.85, Mar. *26.30-26.35, May 26.95, July 27.40-27.50.*

†Wheat—May 398 (406¼), July 414-414½ (423¾), Sept. 431½, Dec. 456½-456, Mar. 479-479½, May 488.

All cents per pound ex-warehouse unless otherwise stated. *$ per troy *ounce.* § Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq feet. ‡ Cents per dozen. †† $ per metric ton.

Monday's closing prices

††Cocoa—May 1785 (1849), July 1865 (1912), Sept. 1918, Dec. 1990, March 2050, May 2090, July 2130, Sept. 2170. *Sales: 1,841.*

Coffee—"C" Contract: May 127.10-127.24 (127.22), July 127.80-128.01 (127.90), Sept. 127.00-127.25, Dec. 125.20-125.50, March 123.50-123.75, May 123.63-124.10, July 123.25-124.00, Sept. *122.00-123.00. Sales: 1,376.*

Cotton—No. 2: July 82.55-82.70 (84.53), Aug. 83.00-83.40 (84.90), Oct. 80.80, Dec. 79.50-79.60, March 81.25, May 82.60, July 83.45, Oct. 83.00-83.30. Sales: 3,800.

**Gold—May 483.5 (491.5), June 487.0-*489.0 (496.5), July 495.4, Aug. 502.0-504.0, Oct. 517.6, Dec. 532.0-534.0, Feb. 547.5, April 562.5, June 577.5, Aug. 592.6, Oct. 607.0, Dec. 620.0, Feb. 634.0.

Heating oil (cents per U.S. gallon)—July 0.9252 (0.9263), Aug. 0.9360 (0.9360), Sept. 0.9510, Oct. 0.9700, Nov. 0.9835, Dec. 1.0020, Jan 1.0180, Feb. 1.0320, Mar. 1.0500, April 1.0700, May 1.0600. Sales: 1,225.

Orange Juice—May 140.10-141.00 *(142.80)*, July 144.80-144.70 (148.55), Sept. 147.00-147.25, Nov. 147.60-148.00, Jan. 148.00-148.20, March 146.70, May 149.40-149.60, July 150.20-150.50, Sept. 151.25-151.50. Sales: 900.

*Platinum—May 460.0-464.0 (474.4), June 466.5 (480.4), July 473.5-474.5, Oct. 494.6, Jan. 515.7, April 537.0-537.5.

¶Silver—*May* 1117.5 (1147.5), June 1129.0 (1160.0), July 1145.0-1151.0, Sept. 1180.0-1187.0, Dec. 1236.0-1240.0, Jan. 1255.0, March 1291.0, May 1327.0, July 1363.0, Sept. 1399.0, Dec. 1453.0, Jan. 1471.0, March 1507.0. Handy and *Harman bullion spot: 1134.00 (1133.00).*

CHICAGO, May 11.

Chicago Imm Gold—June 487.0-488.5 (495.7), July 495.1 (503.1), Sept. 509.8-508.5, Oct. 517.1, Dec. 532.0-530.5, Jan. 539.2, March 554.1, April 561.6.

WINNIPEG, May 11.

§Barley—May 149.00 (149.00), July 150.30 (150.40), Oct. 148.60, Dec. 149.00, March 149.70.

§Wheat—SCWRS 13.5 per cent protein content, cif St. Lawrence 258.94 *(258.44).*

EUROPEAN MARKETS

ROTTERDAM, May 12.

Wheat—(U.S. $ per tonne): U.S. Two Dark Hard Winter 13.5 per cent May/June 207, July 203. U.S. No Two Red Winter June 180, July 181.50. U.S. No Two Northern Spring 14 per cent. May 211, June 208, July/Aug. 207.

Maize—(U.S. $ per tonne): U.S. No Three Corn Yellow afloat May 160, June 159.75, July 162, Aug. 166.50, Sept. 168.50, Oct./Dec. 170.75, Jan./Mar. 180.75.

Soyabeans—(U.S. $ per tonne): U.S. Two Yellow Gulfports May 307, June 307.50, July 309.50, Aug. 312, Sept. 314.50, Oct. 317, Nov. 317.50, Dec. 323.50, Jan. 329, Feb. 325.50, Mar. 338. 0 prions May 301, June 301, July 302 sellers.

Soyameal—(U.S. $ per tonne): 44 per cent protein U.S. afloat 267 traded sellers May 269, June 271, May/Sept. 274, Nov./Mar. 292. Brazil Pellets afloat 280, May 278, June 284 July 285, May/Sept. 285 sellers.

PARIS, May 12.

Cocoa—(FFr per 100 kilos): May 1015/1039, July 1075 asked, Sept. 1095/1105, Dec. 1114/1119, Mar. 1131/1140, May 150 bid. Sales at call: nil.

Sugar—(FFr per tonne): July 2130/2170, Aug 2140/2150, Oct. 2085/2090, Nov. 2075/2095, Dec. 2075/2100, Mar. 2150/2170, May 2180/2190, July 2165/205. Sales at call: 6.

INDICES

FINANCIAL TIMES

May 11	May 8	Month ago	Year ago
253.94	256.64	260.33	275.85

(Base: July 1, 1952=100).

MOODY'S

May 11	May 8	Month ago	Year ago
1090.3	1086.2	1188.7	1125.7

(December 31, 1931=100)

DOW JONES

Dow Jones	May 11	May 8	Month ago	Year ago
Spot	388.99	394.89	411.69	443.91
Fut'rs	400.54	407.14	420.70	444.13

(Average 1924-25-26=100).

REUTERS

May 12	May 11	M'nth ago	Year ago
1682.6	1695.5	1696.5	1720.5

(Base: September 18, 1931=100)

LONDON STOCK EXCHANGE

Overseas influences responsible for sharp setback aggravated by Cadbury Schweppes' £56m rights issue

Account Dealing Dates

Option

*First Dealings	Declarations	Last Dealings	Account Day
May 1	May 14	May 15	May 26
May 18	May 28	May 29	June 8
June 1	June 11	June 12	June 22

* "New-time" dealings may take place from 9.30 am two business days earlier.

A combination of adverse influences sent London stock markets into steep decline again yesterday. Foremost was renewed worries about U.S. interest rates and fears concerning the ability of the U.S. Administration to deal with its economic problems. Other contributory factors were the downturn in European markets following the French Presidential election along with sterling's fall to an eighteen-month low against the dollar.

Sentiment in equities was also depressed by Cadbury Schweppes' proposal to raise £56m by way of rights, the third issue of its kind since Friday. This drew attention to the increased demands being made on equity markets, £110m in the last three trading sessions, and aroused fears that investors might sell existing holdings to raise cash for any attractively-priced issue.

Equity dealers took defensive action right from the start by sharply lowering prices to deter potential sellers. The manoeuvre succeeded; only light selling developed and leading shares rallied about midday when the FT 30-share index was showing a fall of 14.9. The loss was progressively reduced until the close of 556.0 for a fall of 10.9. This represents a loss of nearly 7 per cent in the seven trading days since the index peaked on April 30.

The escalation of the Civil Service dispute added to the Gilt-edged market's problems. This sector again became unwilling in the face of renewed selling which, in part, represented the need to obtain funds for Friday's £550m call on £40-paid Exchequer 12½ per cent 1990, nick-named the "dog." Disappointing wholesale price indices for April was an aggravating factor and selected longer-dated stocks lost a point and more before rallying in the late trade. After Monday's activation of the tap, the shorts lost ⅜ but subsequently picked up to end only 3/16 down on balance. Measuring the trend, the FT Government Securities Index gave up 0.66 to a [illegible] 13-month low of 66.39.

Recently-issued [illegible]terests weakened and [illegible], newcomer Republic [illegible] [illegible]nd 14½ per cent 1986 (£[illegible] [illegible]ell 2½ to 27½. Swansea 13½ per cent 2006 (£25-paid) lost 1½ to 23 and International Bank 13½ per cent 1986 came back ⅝ to 28, in £30-paid form.

Business improved in the Traded Option market with 1,383 contracts arranged. Lonrho's positions were active with 313 deals while Imps recorded 173.

CU dip and rally

Commercial Union drifted down to 157p on news of the 37 per cent contraction in first-quarter profits before rallying late to close a net 2p up on the day at 166p. Royals, ahead of first-quarter results tomorrow, closed unaltered at 365p, after 357p. Other Composites were dull with General Accident 8 off at 322p, and Eagle Star and GRE 6 lower at 241p and 314p respectively. London United Investments relinquished 7 at 173p. Among Life issues, Pearl shed 6 to 412p.

Barclays lost 8 to 412p and Midland 6 to 320p among quietly dull major clearing banks. Elsewhere, National Bank of Australasia, which last week announced bid terms for Commercial Bank of Sydney, jumped 45 to 228p; CBS lost 10 to 320p. Reflecting satisfaction, with the results, King and Shaxson hardened 2 to 102p, but other Discount Houses drifted lower. Union cheapened 10 to 470p.

Breweries traded steadily at lower levels after an initial bout of selling. Bass closed 6 cheaper at 235p, while Whitbread lost at 157p.

Marked lower at the outset in line with other equity sectors, Buildings showed signs of steadying in the after-hours' dealings. Blue Circle finished 10 down at 470p, after 468p, and Ready Mixed Concrete 4 off at 195p, after 194p. BPB dipped to 254p before closing 9 cheaper on balance at 256p, while Redland, 165p, and Tarmac, 396p, shed 7 apiece. Among Contracting and Construction issues, Costain lost 12 to 244p and the Deferred 4 to 216p on disappointment with the preliminary results. Barratt Developments were quoted at 212p ex the rights issue; the new nail-paid shares opened at 24p premium and slipped to 19p premium before closing at 21p premium. Against the trend, G. H. Downing, up 37 on Monday on Hanson Trust's 200p per share cash offer, rose 7 to 202p, following the Board's strong rejection of the terms.

ICI dipped to 298p before the appearance of a few cheap buyers in the late dealings left the close 6 down on balance at 302p. Among other Chemicals, Press comment stimulated speculative buying in British Tar Products which put on 7 to 38p.

Stores easier

Stores encountered selling after the previous day's show of strength which followed better-than-expected preliminary statements from Sears and British Home Stores. Sears lost 3 to 66p, after 65½p, and BHS shed 7 to 173p, while W. H. Smith A gave up 6 to 176p and Gussies A 5 to 485p. Elsewhere, NSS Newsagents fell 8 to 180p on the disappointing interim figures and Martin the Newsagent gave up 5 to 248p in sympathy. Recent speculative favourites Polly Peck and Cornell Dresses were vulnerable to profit-taking, the former shedding 12 to 280p and the latter 15 to 408p. Foster Bros. dipped 7 to 98p.

Leading Electricals rallied from lower opening levels, GEC closing 5 cheaper at 660p, after 657p, and Racal a similar amount lower at 373p, after 371p. Losses in secondary issues were sometimes substantial, Kode reacting 13 to 340p, Unitech 10 to 240p and Electrocomponents 15 to 760p. The forecast of lower half-year profits contained in the annual report left Bowthorpe 2 cheaper at 166p.

Light selling and lack of support made for dullness in the Engineering sector. GKN gave up 6 to 169p and John Brown 4 to 93p among the leaders, while Tubes, still reflecting the £10m loss in the first quarter, eased afresh to 188p but settled only 2 cheaper on balance at 194p. Falls were fairly widespread throughout secondary issues. B. Elliott reacted 11 to 195p in a restricted market. Matthew Hall lost 7 to 385p and Haden Carrier 8 to 362p, while losses of around 5 were recorded in IMI, 67½p, Spirax-Sarco, 162p, and Babcock, 127p. Poor annual results left James Neill a penny cheaper at 35p, but Turriff provided a firm contrast at 108p, up 6, in response to better-than-expected preliminary figures.

Cadbury Schweppes dropped to 84p before closing 8 down at 85p following the £56m cash call. Other Food issues were marked down in sympathy. Northern losing 6 to 166p. Tate and Lyle 4 to 180p. British Sugar shed 5 to 320p despite the sharply increased half-yearly profits and dividend, while United Biscuits, 116p, and Associated Biscuit, 75p, both declined 4. Among Retailers, J. Sainsbury fell 8 to 395p and Kwik Save 7 to 205p. Elsewhere, British Vending dipped to 16p before closing only a penny off at 18p following the annual loss and dividend ommission.

Hotels and Caterers had Grand Metropolitan 3 cheaper at 196p; the interim results are due on Friday. Recently firm Ladbroke shed 5 to 320p, as did Trusthouse Forte, to 149p.

Euro Ferries fall

Marked down sharply at the outset, miscellaneous industrials continued lower on sporadic offerings and closed with falls ranging to 8. Glaxo lost that much to 336p as did Rank Organisation, 188p, and Unilever, 522p. Bowater gave up 5 to 249p and Turner and Newall relinquished 4 to 97p. Elsewhere, European Ferries dropped 15 to 138p, after 134p, following comment on the proposed £36.4m rights issue. After Monday's rise of 15 on the results St Georges Laundry fell 12 to 120p, while ICL shed 4 to 41p in the wake of the Board and management changes and the lessened chances of a bid. Firm recently o nthe sale of a loss-making subsidiary, Whatman Reeve Angel lost 1 1to 126p on profit-taking, while falls of around 8 were seen in Amalgamated Metal, 285p, British Aerospace, 218p, Diploma Investments, 198p, and Hanson Trust, 240p. Booker McConnell gave up 4 at 68p, after 66p. Against the trend, Hoover A rose 4 to 146p on revived speculative support, while Thomas Jourdan added 4 to 92p as did Thomas Tilling, to 187p.

Among Motor Components, Lucas shed 8 to 218p, and Dowty 5 to 260p.

Trading statements helped selected Paper/Printings to shrug aside the general market malaise. Associated Paper improved a penny to 37p despite the reduced interim profits and dividend cut. Poster concern More O'Ferrall added 2 to 152p in response to the increased preliminary profits and the proposed one-for-three scrip issue, while Mills and Allen firmed 12 to 424p in sympathy. Oxley Printing, however, shed 3 to 16p, after 15p, on poor annual results. News International, still unsettled by the company's decision to reduce the price of the Sun by 2p, shed 3 for a two-day fall of 13 to 100p.

Properties turned dull with Land Securities losing 7 to 418p and MEPC 5 to 238p. Speculative counter Rosehaugh were actively traded and touched 320p before closing 3 cheaper on balance at 322p, while recently firm Trust Securities shed 11 to 354p.

Oils above worst

Oils rallied from a dull opening and losses on the day were fairly small. BP touched 388p before settling 4 down at 392p, while Shell ended without alteration at 390p after 386p. Awaiting details of the company's planned flotation of its drilling interests, KCA eased to 182p before rallying to close 5 higher on balance at 192p.

In Overseas Traders, Harrisons and Crosfield put on 12 to 887p but Inchcape cheapened 7 to 460p.

Reflecting the general setback in equities, Trusts gave ground on a broad front. Among Financials, Akroyd and Smithers, still reflecting the lower half-yearly profits, fell 7 more to 168p. In contrast, the acquisition deal with Bowater prompted renewed firmness in Mercantile House which advanced 40 to 740p.

Textiles followed the general downward trend, Jerome reacting 4 to 126p and Lister 3 to 43p, while Yorklyde, at 200p, gave up 10 of the previous day's gain of 20 which followed Press comment. On the other hand, Illingworth Morris firmed 3 to 23p following the company's statement on borrowing facilities.

Quiet Mines

Generally easier metal prices prompted a widespread minor decline in mining markets. South African Golds showed modest movements either way with falls outnumbering gains and the Gold Mines index 3.9 down at 363.9.

Share prices were marked lower at the outset and thereafter showed little change although a number of the heavyweight issues managed small improvements on the day.

Among the latter, gains of ¼ were common to West Driefontein, £39½, and Western Holdings, £37½, but Buffels dipped ¼ to £20 and St. Helena a like amount to £16½.

In the medium and lower-priced stocks, Western Areas gave up 7 to 263p despite news that the mine is back in full production following the disruption caused by a fire last week.

Financials lost ground across the board but falls mainly reflected lack of interest

South Africans showed "Johnnies" ½ cheaper at £33 and "Amcoal" ¼ easier at £15½, the latter ahead of results for the first quarter and the first interim dividend in respect of the 15-month period to end-March 1982.

The weakness of the UK equity market, in addition to the recent decline in base-metal prices, prompted further persistent selling of London-registered Financials.

Rio Tinto-Zinc dropped 13 to 525p — a two-day fall of 31p on receding bid hopes, while Charter Consolidated retreated 8 to 245p and Tanks 6 to 358p.

Australians sustained small losses following another lack-lustre performance in overnight Sydney and Melbourne markets. The Rundle twins were particularly weak with Central Pacific 23 lower at 107p and Southern Pacific 11 down at 43p in the wake of heavy overnight Australian selling.

Elsewhere, Messina featured Coppers with the shares 20 to the good at a 1981 high of 335p reflecting the recent good results.

FINANCIAL TIMES STOCK INDICES

	May 12	May 11	May 8	May 7	May 6	May 5	A year ago
Government Secs.	66.39	67.05	67.01	66.74	66.79	67.23	68.12
Fixed Interest	69.19	69.55	69.47	69.59	69.51	70.12	67.92
Industrial Ord.	556.0	566.9	569.3	564.6	570.6	576.9	436.3
Gold Mines	363.9	367.6	355.1	361.2	351.7	351.6	281.2
Ord. Div. Yield	5.92	5.82	5.79	5.84	5.77	5.70	8.08
Earnings, Yld. % (full)	11.65	11.45	11.43	11.56	11.36	11.25	19.81
P/E Ratio (net) (*)	10.75	10.94	10.95	10.83	11.02	11.15	6.12
Total bargains	20,956	21,094	18,565	21,594	23,760	26,446	21,564
Equity turnover £m.	—	114.29	120.54	131.21	149.63	163.57	112.14
Equity bargains	—	15,788	14,976	16,670	17,643	21,348	15,482

10 am 552.2. 11 am 553.4. Noon 552.0. 1 pm 552.5.
2 pm 553.0. 3 pm 553.5.
Latest Index 01-246 8026.
*Nil=8.93.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

HIGHS AND LOWS

	1981 High	1981 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	70.61 (28/3)	66.39 (12/5)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	72.01 (29/5)	69.19 (12/5)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	597.3 (30/4)	446.0 (14/1)	597.3 (30/4/81)	49.4 (26/6/40)
Gold Mines	421.1 (16/1)	281.4 (29/1)	558.9 (22/9/80)	43.5 (26/10/71)

S.E. ACTIVITY

	May 11	May 8
—Daily		
Gilt Edged Bargains	194.4	186.4
Equities Bargains	102.3	97.0
Value	251.0	362.0
5-day Avrge.		
Gilt Edged Bargains	203.5	188.7
Equities Bargains	110.4	118.4
Value	277.8	301.2

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price pence	Day's change	Stock	Closing price pence	Day's change
BTR	464	−4	LASMO	585	+3
Boustead	164	+1	Messina	335	+20
Bowater	249	−5	Racal El.	373	−5
Comm. Union	166	+2	RTZ	525	−13
Euro. Ferries	138	−15	Tricentrol	242	−4
ICI	302	−6	Unilever	522	−8

MONDAY'S ACTIVE STOCKS

Based on bargains recorded in SE Official List

Stock	No. of price changes	Mon. closing price pence	Day's change	Stock	No. of price changes	Mon. closing price pence	Day's change
Euro Ferries	20	153	+3	Hse. of Fraser	11	169	+7
RTZ	19	538	−16	Mks. & Spencer	11	140	+3
Sears	16	69	+4½	Plessey	11	285	−5
Tube Invs.	16	196	−10	Dunlop	10	78	—
Brit. Home Strs.	11	180	+8	P. & O. Dfd.	10	140	−5
BP	11	396	−4	Shell Trans.	10	390	−2
GUS "A"	11	490	+2	Unilever	10	530	+5

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
May 11	May 22	Aug. 6	Aug. 17
May 26	June 5	Aug. 26	Sept. 7
June 8	June 19	Sept. 10	Sept. 21

For rate indications see end of Share Information Service

Stocks to attract money for the call included Woodside, ICL, Target Petroleum, Ultramar, Premier Consolidated, BP, First National Finance, Amalgamated Metal, Costain, Racal, RHM, Appleyard Group, KCA International, French Kier, Wheelock Marden, J. H. Fenner and Tecalemit. No puts were reported, but double options were arranged in Shell Transport, Loraine, Tootal, Tozer Kemsley, P. and O. Deferred, Appleyard Group and BSG International.

NEW HIGHS AND LOWS FOR 1981

The following shares quoted in the Share Information Service yesterday attained new Highs and Lows for 1981.

NEW HIGHS (46)

BRITISH FUNDS (1)
Treas. Variable 83

BANKS (2)
Nat. Bank Aust. [illegible]ders

BEERS (1)
Boddingtons

BUILDINGS (2)
Breedon & Cloud Lime Downing (G. H.)

CHEMICALS (2)
Brit. Tar Products Novo Inds. A-S 'B'

STORES (4)
Beattie (J.) 'A' Goodman Brothers
Comet Radio Steinberg

ELECTRICALS (2)
Lec Refrigeration Sony

ENGINEERING (9)
Fraithwaite Laird Group
Carclo Tex Abrasives
Crown House Turriff
Habit Precision Wheway Watson
Hunt & Moscrop Ofd.

INDUSTRIALS (4)
Billam (J.) Pentland
Jourdan (T.) R[illegible]own Inc.

MOTORS (2)
Arlington Motor [illegible]all (C. D.)

PAPER (2)
Mills & Allen [illegible] & Mather

PROPERTY (1)
Swire Props.

TEXTILES (3)
Coats Patons Stroud Riley
Illingworth Morris

TRUSTS (6)
Bishopsgate Trust Rolinco Sub. Shares
Le Valonet Authority Inv.
Rolinco N.V. Mercantile House

OVERSEAS TRADERS (1)
Steel Brothers

RUBBERS (1)
London Sumatra

TEAS (1)
Lawrie Plantation

MINES (2)
New Wit. Messina

NEW LOWS (61)
BRITISH FUNDS (30)
CORPORATION LOANS (1)
LOANS (1)
FOREIGN BONDS (1)
BANKS (5)
BUILDINGS (1)
ELECTRICALS (1)
FOODS (1)
HOTELS (1)
INDUSTRIALS (5)
LEISURE (1)
PAPER (1)
PROPERTY (2)
TRUSTS (4)
OIL AND GAS (4)
RUBBERS (1)
MINES (1)

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	3	79	14
Corpns., Dom. and Foreign Bonds	4	29	34
Industrials	82	679	607
Financial and Props.	21	331	144
Oils	13	49	23
Plantations	7	5	11
Mines	25	63	78
Others	28	72	76
Totals	183	1,307	987

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Tues., May 12, 1981 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Mon., May 11 Index No.	Fri., May 8 Index No.	Thurs., May 7 Index No.	Wed. May 6 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (214)	344.03	−1.6	11.14	4.61	11.10	349.61	349.55	346.18	351.46	236.76
2	Building Materials (25)	310.60	−2.0	14.41	5.71	8.33	316.84	317.26	317.66	327.58	232.86
3	Contracting, Construction (28)	572.51	−1.8	15.83	4.85	7.61	583.25	584.61	583.73	596.98	349.80
4	Electricals (28)	1045.14	−1.1	8.35	2.54	14.89	1056.32	1055.97	1041.99	1051.60	628.07
5	Engineering Contractors (11)	493.70	−1.5	13.34	5.36	9.11	500.99	494.05	489.54	493.35	274.07
6	Mechanical Engineering (70)	214.57	−2.1	13.19	5.71	9.50	219.06	218.90	216.59	219.77	159.24
8	Metals and Metal Forming (13)	169.14	−3.5	9.14	7.23	14.36	175.21	175.18	172.32	174.12	163.07
9	Motors (21)	106.92	−2.6	7.98	7.16	19.40	109.79	109.76	108.67	109.32	104.72
10	Other Industrial Materials (18)	367.98	−0.7	10.87	5.60	11.05	370.50	371.14	366.37	372.80	0.00
21	CONSUMER GROUP (195)	281.89	−1.7	12.91	5.63	9.48	286.90	284.77	283.06	286.54	217.61
22	Brewers and Distillers (20)	303.50	−1.6	15.28	6.03	7.77	308.53	307.87	304.62	309.13	281.00
25	Food Manufacturing (21)	253.55	−2.2	15.07	6.23	8.01	259.32	257.79	255.92	259.92	193.87
26	Food Retailing (14)	521.93	−2.5	9.52	3.36	12.40	535.09	536.96	536.28	548.56	303.70
27	Health and Household Products (7)	300.55	−0.9	8.99	4.77	13.23	303.20	302.34	301.19	305.12	184.25
29	Leisure (22)	424.36	−1.6	11.94	5.30	9.95	431.15	431.45	430.56	437.92	292.80
32	Newspapers, Publishing (12)	513.21	−2.5	16.39	5.49	8.00	526.15	525.61	517.70	518.73	416.66
33	Packaging and Paper (14)	148.69	−2.0	17.95	7.76	6.54	151.77	153.01	151.94	153.52	130.38
34	Stores (44)	285.52	−1.9	10.14	4.48	13.12	290.92	284.58	283.71	286.52	212.80
35	Textiles (22)	163.86	−0.9	12.30	7.67	11.15	165.37	166.14	166.14	167.36	126.37
36	Tobaccos (3)	260.56	−1.3	20.22	9.52	5.77	264.05	261.21	256.58	255.37	203.50
39	Other Consumer (16)	304.36	−0.5	12.26	6.32	10.59	305.92	306.90	305.60	308.02	0.00
41	OTHER GROUPS (79)	234.90	−2.1	13.18	6.37	9.33	239.90	239.70	239.03	242.01	205.62
42	Chemicals (15)	297.32	−2.0	10.80	6.94	11.73	303.29	303.82	303.31	304.31	313.71
44	Office Equipment (6)	116.36	−2.8	15.84	7.19	7.44	119.76	119.43	118.93	120.59	108.81
45	Shipping and Transport (13)	583.58	−2.5	15.32	6.20	7.80	598.53	602.25	603.39	625.75	581.49
46	Miscellaneous (45)	297.98	−1.9	14.49	5.56	8.47	303.66	301.84	300.16	304.25	248.07
49	INDUSTRIAL GROUP (488)	296.86	−1.7	12.29	5.35	10.00	302.09	300.92	298.83	302.84	226.51
51	Oils (12)	819.95	−0.7	21.74	6.87	5.10	825.98	832.98	810.75	822.75	747.93
59	500 SHARE INDEX	338.61	−1.5	14.02	5.63	8.50	343.94	343.38	339.75	344.40	267.76
61	FINANCIAL GROUP (118)	252.90	−1.2	—	5.61	—	256.06	255.55	255.85	256.37	202.40
62	Banks (6)	253.58	−1.4	36.48	7.15	3.19	257.10	255.78	254.30	253.89	215.27
63	Discount Houses (10)	290.70	−1.7	—	6.99	—	295.66	295.53	301.75	301.46	244.82
64	Hire Purchase (4)	264.16	+0.3	8.52	4.70	16.24	263.25	263.00	263.00	265.94	208.57
65	Insurance (Life) (10)	249.97	−1.3	—	5.99	—	253.36	253.42	253.43	255.22	181.91
66	Insurance (Composite) (9)	160.25	−0.7	—	7.66	—	161.42	162.09	163.02	163.92	131.15
67	Insurance Brokers (8)	373.19	−1.5	11.78	6.18	11.67	378.77	380.20	380.18	381.70	296.29
68	Merchant Banks (13)	155.77	−1.3	—	5.14	—	157.80	158.42	158.62	159.92	105.95
69	Property (48)	491.90	−1.7	3.15	2.63	43.67	500.49	497.26	493.07	497.74	398.16
70	Miscellaneous (10)	170.02	−0.1	18.59	6.09	6.53	170.19	169.45	170.06	170.68	130.56
71	Investment Trusts (109)	304.54	−1.6	—	5.10	—	309.35	308.23	306.26	310.07	217.69
81	Mining Finance (3)	254.22	−1.8	13.49	5.28	8.69	258.79	261.48	253.90	253.94	183.86
91	Overseas Traders (20)	474.23	—	11.31	6.14	10.89	474.47	473.73	473.02	476.38	380.43
99	ALL-SHARE INDEX (750)	320.56	−1.5	—	5.59	—	325.33	324.85	321.90	325.62	251.85

FIXED INTEREST

	PRICE INDICES	Tues. May 12	Day's change %	Mon., May 11	xd adj. today	xd adj. 1981 to date
	British Government					
1	5 years	107.45	−0.05	107.50	—	4.17
2	5-15 years	107.08	−0.92	108.08	—	4.11
3	Over 15 years	109.64	−1.04	110.79	—	4.93
4	Irredeemables	118.83	−0.91	119.92	—	6.23
5	All stocks	107.71	−0.69	108.45	—	4.38
6	Debentures & Loans	85.76	−0.88	86.52	—	3.76
7	Preference	66.98	+0.07	66.93	—	2.88

	AVERAGE GROSS REDEMPTION YIELDS		Tues. May 12	Mon., May 11	Year ago (approx.)
	British Government				
1	Low Coupons	5 years	12.12	12.02	12.15
2		15 years	12.82	12.64	12.11
3		25 years	12.95	12.78	12.11
4	Medium Coupons	5 years	13.98	13.86	13.93
5		15 years	14.52	14.33	13.76
6		25 years	14.11	13.96	13.59
7	High Coupons	5 years	13.95	13.83	14.07
8		15 years	14.69	14.52	14.07
9		25 years	14.30	14.15	14.07
10	Irredeemables†		12.31	12.19	11.16
11	Debs & Loans	5 years	14.88	14.65	14.50
12		15 years	14.93	14.77	14.50
13		25 years	14.93	14.77	14.50
14	Preference†		14.75	14.76	15.78

† Flat yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 26½p.

RECENT ISSUES

EQUITIES

FIXED INTEREST STOCKS

"RIGHTS" OFFERS

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

Craigmount Fixed Int. Mngrs. (Jersey)
P.O. Box 195, St. Helier, Jersey. 0534 27561
Gilt Fund (Jsy.) 92.1 92.2 ..... 14.64
Valued weekly Wednesday.

DWS Deutsche Ges. F. Wertpapiersp
Grueneburgweg 113, 6000 Frankfurt
Investa DM32.00 33.70 +0.05 —

Delta Group
P.O. Box 3012, Nassau, Bahamas
Delt. Inv. May 5 $4.55 4.78 ..... —
London Agents: Kleinwort Benson. Tel. 01-623 8000

Deutscher Investment-Trust
Postfach 2685 Biebergasse 6-10 6000 Frankfurt
Concentra DM16.11 17.23 −0.01 —
Int. Rentenfonds DM60.79 62.31 −0.04 —

Dreyfus Intercontinental Inv. Fd.
P.O. Box N3712, Nassau, Bahamas.
NAV April 28 US$12.38 34.45 ....

Emson & Dudley Tst. Mgt. Jrsy. Ltd.
P.O. Box 73, St. Helier, Jersey. 0534 73933
E.D.I.C.T. 162.5 174.3 ..... 2.28

The English Association
4 Fore Street, EC2. 01-588 7081
E. A. Income Fund* 66.4 70.7 ..... 7.07
E. A. Sterling* 68.27 68.31 ..... —
E. A. Equity* 71.32 75.88 ..... 1.65
Wardgate Cm. Fd.** 17.19 17.89 ..... 2.91
*Next dealing May 13. **Next dealing May 29.

Eurobond Holdings N.V.
Pietermaai 15, Willemstad, Curacao.
London Agents: Intel 15 Christopher St., EC2.
Tel: 01-247 7243. Telex 8814408.
Euro Hldgs. US$19.85 20.44 ..... 9.20

S.G. Europe Obligations S.A.
9, Avenue de la Liberte, Luxembourg
London Agent: FFS, Salisbury Hse, London Wall EC2M 5TA. Tel. 01-920 0776 Telex 887281
Europe-Obligations US$42.47 −0.10 1.93

F & C Mgmt. Ltd. Inv. Advisers
1, Laurence Pountney Hill, EC4. 01-623 4680
F&C Atlantic Fd. SA US$11.67 ..... 1.29
F. & C. Oriental Fd. US$23.60 ..... 0.42
Prices May 6. Weekly dealings.

Fidelity International Ltd.
P.O. Box 670, Hamilton, Bermuda.
8, Queensway Hse., Queen St., St. Helier, Jersey, C.I. 0534 71696
American Assets US$40.28 ..... 1.190
Am. Vals. Cum.Pf. $3* $101.25 ..... —
American Vals. Com.* $17.86 ..... —
Dollar Savings Trust US$79.10 +0.13 15.94
Far East US$34.35 +0.79 —
International US$45.42 —
Pacific US$112.93 +2.96 —
World US$25.[illegible] +0.17 —

Hill Samuel Invest. Mgmt. Intnl.
P.O. Box 63, Jersey. 0534 27381
HS Channel Is. Fd. 152.5 162.6 ..... 3.25
H.S. Fixed Int. Fd. 91.0 95.0 −1.0 12.50
Box 2622, Bern, Switzerland. Telex 33425.
H.S. Overseas Fd. US$24.75 25.74 −0.28 —
CSF Fd. (Acc.) SF18.92 19.31 ..... —
Crossbow Fd. SF7.21 7.34 +0.11 —
ITF Fd. (Acc.) US$13.05 14.31 −0.13 —

N.V. Interbeheer
P.O. Box 526, Delft, Holland
Esmeralda (Offer Pce) [illegible] — +0.08 2.50

International Bond Trust
2, Boulevard Royal, Luxembourg
N.A.V. May 12 US$9.92 9.92 −0.03 —

Rothschild Asset Management (C.I.)
P.O. Box 58, St. Julian Ct., Guernsey. 0481 26331

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
72-80, Gatehouse Rd., Aylesbury 0296 5941

Abbey Am. Gth. Tst.	60.8	65.4	-0.7	2.22
Abbey Capital	51.1	55.2xd	-1.1	3.99
Abbey General	59.4	64.2	-1.4	4.78
Abbey Gilt & F.I. Tst.	103.4	108.9	-0.8	12.03
Abbey Income	39.5	42.7xd	-0.5	8.22
Abbey W'w.Bd.Tst.	95.6	101.2	+0.5	6.62
Abbey Inv. Tst. Fd.	53.4	57.7	-0.5	4.16
Equitas Prog. Tst.	84.2	91.0xd	-2.0	4.49

Allen Harvey & Ross Unit Tst. Mngrs.
45, Cornhill, London EC3V 3PB. 01-623 6314.

AHR Gilt Trust	82.7	87.0xd	-0.2	13.00

Allied Hambro Ltd. (a) (g)
Hambro Hse., Hutton, Brentwood, Essex.
01-588 2851 or Brentwood (0277) 211459

Balanced Funds

Allied 1st	94.6	101.2	-1.9	5.53
Brit. Inds. Fund	82.0	87.7	-2.1	5.82
Growth & Income	54.3	58.1	-0.8	4.65
Elect. & Ind. Dev.	47.5	50.8xd	-0.9	4.92
Allied Capital	100.6	107.6	-2.0	4.09
Hambro Fund	140.4	150.2	-2.6	5.53
Hambro Acc. Fund	191.6	205.0	-3.8	4.00

Income Funds

High Yield Fd.	72.8	77.9	-0.9	7.70
High Income	85.5	91.5	-1.2	6.99
Equity Income Fd.	49.4	52.9	-0.6	6.92
Govt. Secs.	24.2	24.8xd	-0.2	12.50

International Funds

International	37.0	39.6	-0.1	2.10
Japan Fund	27.0	28.9	.....	0.22
Pacific Fund	75.0	80.2	+0.2	0.78
Secs. Of America	80.7	86.4	-0.6	1.85

Specialist Funds

Smaller Co.'s Fd.	61.5	65.8	-0.6	3.95
2nd Smlr. Co's Fd.	75.6	80.9	-0.8	3.71
Recovery Sits.	29.4	31.5xd	-0.4	4.48
Met. Min. & C'dty.	69.6	74.5xd	-0.7	4.93
Overseas Earnings	73.2	78.3	-1.3	4.71

Exempt Funds

Crescent Unit Tst. Mngrs. Ltd. (a)(g)
4 Melville Cres., Edinburgh 3 031-226 4931

Cres. Amer. Fd.	45.2	48.8	+0.2	0.51
Cres. Internat'l.	88.4	95.4	-0.1	1.64
Cres. High. Dist.	46.4	50.1xd	-0.9	9.48
Cres. Reserves	53.1	57.3	-1.1	5.13
Cres. Tokyo	37.9	40.9	+0.2	0.86

Dartington Unit Trust Mngt. Ltd.
Bridge Chambers, Barnstaple, Devon 0271 76324

Total Perf. Unit. Tst.	23.5	25.0xd	.....	8.87

Discretionary Unit Fund Managers
36/38 New Broad St., EC2M 1NU. 01-638 4485

Disc. Inc. April 30	266.9	284.6	.....	4.60

E. F. Winchester Fund Mngt. Ltd.
44, Bloomsbury Square, WC1A 2RA 01-623 8893

Great Winchester	20.7	22.9	.....	6.17
Gt. Winchester O'seas	30.2	33.3	.....	3.19

For Emson and Dudley see Robert Fraser Tst. Mgmt.

Equity & Law Un. Tr. M.♥ (a)(b)(c)
Amersham Rd., High Wycombe. 0494 33377

Equity & Law	94.0	98.9	-0.8	4.39

Fidelity International Management Ltd.
62-63 Queen St, London EC4 1AD 01-248 4871

American (z)	41.1	44.2	-0.2	0.53
Ameri.Spec.Sits. (z)	29.3	31.6xd	.....	0.23
Gilt + Fixed Int.	24.3	25.5xd	-0.2	12.32
Growth + Income	35.7	38.4	-0.3	6.61
Maximum Inc. Eq. Tst.	30.9	33.3	-0.5	8.05
Special Sits.	43.2	46.5	-0.7	1.62

James Finlay Unit Trust Mngt. Ltd.
10-14, West Nile Street, Glasgow. 041-204 1321

J. Finlay Internat'l	39.6	42.6xd	.....	1.65
Accum. Units	49.2	53.0xd	.....	1.65
J. Finlay High Income	39.0	41.9	.....	8.19
Finlay Wld. Energy	18.0	19.3	.....	1.08
Accum. Units	23.2	25.0	.....	1.08
J. Finlay Fd.In.Tst.	41.6	44.7xd	.....	4.97
Accum. Units	53.9	58.0xd	.....	4.97

Prices on May 6. Next dealing May 13.

Framlington Unit Mgt. Ltd. (a)

Lloyd's Life Unit Tst. Mngrs. Ltd.
2, St. Mary Axe, EC3A 8BP.

Local Authorities' Mutual Invest. Tst.
77, London Wall, EC2N 1DB.

M & G Group (y)(c)(z)
Three Quays, Tower Hill, EC3R 6BQ.

INSURANCE PROPERTY BONDS

OFFSHORE & OVERSEAS FUNDS

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1981 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
99 3/32	97¾	Exch. 9½pc 1981	99 11/32	+1/32	9.54	11.45
97⅞	93¾	Exch. 3pc 1981	97⅞	.....	3.07	11.92
99½	99⅝	Treas. Variable '81§§	99 13/32xd	.....	13.45	12.23
100 1/32	99¾	Exch. 12¾pc 1981‡‡	100⅜xd	.....	12.67	11.45
97⅞	95 11/16	Treas. 8¼pc '80-82‡‡	97 7/16	–1/16	8.70	12.06
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Five to Fifteen Years

Over Fifteen Years

Undated

INTERNATIONAL BANK

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

LOANS

Public Board and Ind.

1981 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
64	61	Agric. Mt. 5pc '59-89	61	–½	8.44	13.37
29½	27¼	Met. Wtr. 3pc 'B'	27½	–¼	11.15	13.40
114	98½	U.S.M.C. 9pc 1982	111	.....	8.43	—
97¾	92½	Do. without Warnts.	96½	.....	9.76	16.20

Financial

1981 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
101½	98¾	FFI 14pc '83	99¼	.....	14.11	14.33
92	88½	FFI(UK)Fn5½pcDb. '80-2	90¾xd	–¼	6.06	13.94
83½	79½	Do. 6¼pcDb. '81-84	79½xd	–1	7.86	13.80
93	86½	Do. 10¾pc Uns.Ln. '86	91	–1	12.04	14.40
92	79¼	Do. 11pc Uns.Ln. '88	89½	–1	12.86	13.90
92	86½	Do. 11¾pc Uns.Ln. '90	90	–½	13.72	14.70
94½	88½	Do. 12½pc Un. Ln 1992	88½xd	–1	14.12	14.70
64½	60	Do. 7¼pcADeb. '89-92	62½	–1	12.28	14.80
62	59	Do. 7¼pcADeb. '91-94	59½xd	–1½	12.18	14.10
72½	68	Do. 9pc 'A' '91-94	69xd	–1	13.04	14.30
70	65	Do. 8⅞pcLn. '92-97	66	–½	13.98	14.80

FOREIGN BONDS & RAILS

1981 High	Low	Stock	Price £	+ or –	Div. % Gross	Red. Yield
62½	58	Antofagasta Rly.	60	.....	—	—
55	55	Do. 5pc Pref.	55	.....	—	—
98	98	Chilean Mixed	98	.....	3	13.09
28	18	Chinese 4½pc 1898	18	.....	—	—
22	16	Do. 5pc 1912	16	.....	—	—
18	10	Do. 5pc 1913	10	.....	—	—
16	10	Do. 5pc '25 Boxer	10	.....	—	—
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

AMERICANS

CANADIANS

BANKS AND HIRE PURCHASE

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

DRAPERY AND STORES

ELECTRICALS

ELECTRICALS—Continued

ENGINEERING MACHINE TOOLS

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

INSURANCE—Continued

LEISURE

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

INSURANCE

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc.

OIL AND GAS

OIL AND GAS—Continued

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

Africa

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

Central African

MINES—Continued

Australian

1981 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Yld Gr's
40	32	Acmex 50c	40	......	Q2.5c	—	3.5
23	14	ACM 20c	20	......	—	—	—
21	14	Argosy Gold NL 25c	18	......	—	—	—
212	137	Bond Corp.	170	−2	Q7.5c	1.9	2.4
102	76	Bougainville Kina	91	−3	Q14.2c	1.0	15.6
302	214	CRA 50c	234	......	Q19c	1.7	4.4
25	17½	Canada Northwest	18	......	—	—	—
35	17	Carr Boyd 20c	18	......	—	—	—
415	80	Central Pacific	107	−23	—	—	—
35	15	Cons. Gold Min. N.L. 50c	15	......	—	—	—
47	32	Cultus Pacific N.L.	32	−1	—	—	—
32	22	Eagle Corp. 10c	30	......	—	—	—
40	29	Endeavour 20c	30½	......	—	—	—
500	310	G. M. Kalgoorlie 25c	415	−5	†Q13c	ϕ	1.7
25	10	Great Eastern	10	−1	—	—	—
275	180	Hampton Areas 10p	200	......	Q2.5	2.4	1.8
168	58	Haoma Gold N.L.	58	−4	—	—	—
85	42	Intl. Mining	45	−3	—	—	—
245	140	Kitchener NL 25c	155	......	—	—	—
105	45	Leichardt Expln.	50	......	—	—	—
490	275	Meekatharra	340	......	—	—	—
70	49	Metals Ex. 50c	55	−1	§Q3c	2.5	3.0
38	20	Metramar Mns. 20cts.	35	−2	—	—	—
267	190	M.I.M. Hldgs. 50c	257	−2	‡Q27.6c	1.7	‡
21	11½	Minefields Expl. 25c.	12½	......	—	—	—
115	83	Mount Lyell 25c	110	−5	‡†Q15c	1.7	7.5
20	14	Newmetal 20c	14	−1	—	—	—
69	41	Nickelore N.L.	62	......	—	—	—
204	149	North B. Hill 50c	177	−1	Q15c	3.1	5.6
84	50	Nth. Kalgurli	60	−4	—	—	—
175	94	Nth. Mining Corp.	142	......	—	—	—
122	44	N. West Mining N.L.	44	......	—	—	—
148	106	Oakbridge 50c	123	......	tQ12c	1.1	5.1
185	138	Otter Expl. N. L.	150	......	—	—	—
186	164	Pacific Copper	176	−2	—	—	—
605	475	Pancont'l 25c	495	−25	—	—	—
70	42	Paringa M.&Ex. 5p	65	+2	—	—	—
525	375	Peko-Wallsend 50c	510	−10	‡Q22½c	ϕ	2.4
43	27	Pelsart Res NL	36	−2	—	—	—
120	85	Selltrust A	105	......	—	—	—
157	34	Southern Pacific	45	−11	—	—	—
72	40	Swan Resources 20c.	47	+2	—	—	—
18	9½	West Coast 25c	10	......	—	—	—
300	227	Westn. Mining 50c	270	−3	Q14c	1.6	2.8
27	16½	Westmex	16½	......	—	—	—
76	50	Whim Creek 20c	50	......	—	—	—
101	67	York Resources	67	−1	—	—	—

Tins

1981 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Yld Gr's
16	10	Amal Nigeria 1p	10½	......	‡5.0	—	—
300	250	Ayer Hitam $M1	250	......	‡Q7.5c	1.0	‡
67	54	Beralt Tin	65	......	5.0	ϕ	10.8
155	125	Geevor	125	......	‡6.4	1.9	‡
10	8	Gold & Base 12½p	9½	......	—	—	—
660	556	Gopeng Cons.	565xd	......	‡30.0	1.3	‡
450	360	Hongkong	360	......	21.0	ϕ	8.3
125	115	Idris 10p	118	......	26.0	ϕ	7.3
15	13	Jantar 12½p	15	......	1.5	ϕ	14.3
98	85	Kamunting $M0.50	85	......	‡Q50c	1.0	‡
775	545	Killinghall $M1	775	......	Q100c	ϕ	2.5
114	88	Malay Dredging 10c	113#	......	‡Q38c	0.9	6.4
68	30	Pahang	65	......	0.41	0.3	1.0
103	90	Pengkalen 10p	93xd	......	5.5	0.6	5.6
380	340	Petaling $M1	340	......	Q130c	1.4	10.2
25	19	South Crofty 10p	24#	......	‡1.0	4.9	‡
225	200	Sungei Besi $M1	210	......	‡Q40c	1.1	‡
180	95	Supreme Corp. $M1	170	−5	‡Q15c	ϕ	1.8
118	116½	Tanjong 15p	118	......	21.5	ϕ	1.3
90	75	Tongkah H. Tin 15m	75	......	Q25c	0.4	6.1
410	350	Tronoh $M1	360	......	‡Q50c	0.7	‡

Copper

1981 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Yld Gr's
335	165	Messina R0.50	335	+20	†Q45c	4.7	7.9

Miscellaneous

1981 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Yld Gr's
175	142	Anglo-Dominion	170	......	—	—	—
55	40	Barymin	45	......	—	—	—
24	14	Burma Mines 10p	21	......	0.75	0.9	5.1
315	180	Colby Res. Corp.	230	+10	—	—	—
270	200	Cons. Murch. 10c.	270	......	tQ30c	1.8	6.4
98	75	††Hemerdon 10c.	83	......	—	—	—
180	135	Highwood Res.	145	−5	—	—	—
400	300	Northgate C$1	350	......	—	—	—
580	372	R.T.Z.	525	−15	16.0	3.2	4.4
£125	£93½	[illegible]	£130	−3	Q9½%	—	f8.1
143	110	††SPO Minerals 10p	110	......	—	—	—
47	32	Sabina Inds. C$1	35	+3	—	—	—
41	28	††SWCM 10p	41	+3	—	—	—
550	465	Tara Expln. $1	495	+8	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- ✝ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 163(2)(a); not listed on any Stock Exchange and not subject to any listing requirements.
- ‡‡ Dealt in under Rule 163(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ✤ Not comparable.
- ♠ Same interim; reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ✻ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ★ Regional price.
- ‖ No par value.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. ✻✻ Available only to UK pension schemes and insurance companies engaged in pension business. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. x Prospective real rate of return. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1981-82. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1980-81. K Figures based on prospectus or other official estimates for 1981-82. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1981. P Figures based on prospectus or other official estimates for 1980-81. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xR ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Stock	Price	+ or −
Albany Inv. 20p	43	......
Bertam	14	......
Bdg'wtr. Est. 50p	460	......
Craig & Rose £1	£11¼	......
Fife Forge	63	+1
Finlay Pkg. 5p	20	......
Graig Ship. £1	£18	−2
Higsons Brew	73	......
Holt (Jos) 25p	460	......
I.O.M. Stm. £1	157	......
Pearce (C. H.)	980	−20
Peel Hldgs.	100	......
Sheff. Refrshmt	101	......
Sindall (Wm.)	175	......

IRISH

Stock	Price	+ or −
Conv. 9½% '80/82	£92⅞	−⅛
Nat. 9¾% 84/89	£74[illegible]	−¼
Fin. 13% 97/02	£79½	−¼
Alliance Gas	65	......
Arnott	255	......
Carroll (P.J.)	88	......
Concrete Prods.	58	......
Heiton (Hldgs.)	29	......
Ins. Corp.	375	......
Irish Ropes	53	......
Jacob	50	......
T.M.G.	30	......
Unidare	100	......

OPTIONS

3-month Call Rates

Industrials

Stock	Rate
A. Brew	6½
BOC Intl.	11
B.S.R.	4½
Babcock	11
Barclays Bank	36
Beecham	15
Blue Circle	35
Boots	20
Bowaters	24
Brit. Aerospace	14
B.A.T.	25
Brown (J.)	7
Burton Ord.	12
Cadburys	7½
Courtaulds	6
Debenhams	8
Distillers	17
Dunlop	7½
Eagle Star	22
F.N.F.C.	3½
Gen. Accident	30
Gen. Electric	60
Glaxo	28
Grand Met.	14
G.U.S. 'A'	44
Guardian	32
G.K.N.	16
Hawker Sidd	25
House of Fraser	14
I.C.I.	20
"Imps"	7
I.C.L.	6
Ladbroke	30
Legal & Gen.	20
Lex Service	10
Lloyds Bank	22
"Lofs"	4½
London Brick	7
Lucas Inds.	18
"Mams"	20
Mrks. & Spncr	9
Midland Bank	25
N.E.I.	5
Nat. West. Bank	32
P & O Dfd.	15
Plessey	30
Racal Elect.	34
R.H.M.	5
Rank Org. Ord.	18
Reed Intnl.	23
Spillers	5
Tesco	5½
Thorn EMI	33
Trust Houses	28
Tube Invest.	10
Turner & Newall	30
Unilever	50
Utd. Drapery	6½
Vickers	15
Woolworths	5

Property

Stock	Rate
Brit. Land	8
Cap. Counties	11
Land Secs.	37
MEPC	20
Peachey	15
Samuel Props.	13
Town & City	2¾

Oils

Stock	Rate
Brit. Petroleum	36
Burmah Oil	16
Charterhall	9
KCA	22
Premier	10
Shell	34
Tricentrol	30
Ultramar	44

Mines

Stock	Rate
Charter Cons.	22
Cons. Gold	45
Lonrho	9
Rio T. Zinc	45

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 40

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £600 per annum for each security

FINANCIAL TIMES
Wednesday May 13 1981

Barclays to end cheque cashing agreement

By Tim Dickson

BARCLAYS BANK is poised to introduce charges for personal customers of other clearing banks who cash their cheques at its 3,300 branches.

The move will mean the end of a reciprocal agreement between the clearing banks and is likely to be matched by Barclays' competitors, which are known to be considering adopting similar tactics.

Under the agreement customers of local branches of all the main banks can draw money from and pay credit into their accounts through rivals' branches.

After private discussions with the Office of Fair Trading the banks have been advised that this agreement may be regarded as a restrictive practice. As a result the clearers have decided to stop the arrangement at the end of this month, and enter into a series of bilateral agreements.

Barclays is on record as saying that charging other banks' customers for cheque transactions has its attractions. The likely level of charges is not yet clear, but a sliding scale for different amounts is considered probable.

None of the other clearing banks has completed its plans.

Midland has sent the ball gently rolling by announcing a 30p counter charge for consumer or third-party credits, transactions such as building society instalments, hire-purchase and mail order payments, and rent and rates payments by individuals who do not have a Midland account to parties who also bank elsewhere.

This charge will not be levied on other banks' customers who simply cash cheques.

Burmah Oil challenges the Bank

By Ray Dafter, Energy Editor

BURMAH OIL is to engage in a £1bn court battle with the Bank of England. It will be one of the biggest civil cases ever brought by a UK company.

The oil group, which faced financial ruin in the mid-1970s, claims the return of 310m British Petroleum shares, stock which was bought by the Bank of England in 1975 as part of the Burmah rescue operation.

Burmah claims the acquisition, a fifth of BP's issued stock, was "unconscionable, inequitable and unreasonable" and the Bank took unfair advantage of Burmah "in breach of its duty of fair dealing."

Burmah is calling for the return of the shares — now worth over £1.2bn — less the original purchase price (about £180m) and interest payments. The claim is about four and a half times Burmah's current market value of about £216m.

Sir Alastair Down, Burmah's chairman, said yesterday that the long-awaited High Court case would begin on June 2. It is expected that the hearing will last six to eight weeks.

But unless there is an out-of-court settlement it is possible that the action will not be resolved for several years. In view of the money involved both Burmah and the Bank of England are prepared, if necessary, to fight the case through the Appeal Court and the House of Lords.

Sir Alastair said the company, which made a pre-tax profit of £62.3m last year, had relinquished the standby credit facilities of £60m made available by the Bank as part of the rescue operation. Burmah had carried all the costs of the deal and had paid full commercial interest rates. "The Bank of England did some good business out of us," he said.

Mr. Stanley Wilson, managing director and chief executive, said Burmah was reviewing its operations in particular the loss-making ventures.

The annual report shows that the Tabbert caravan business lost £2.6m last year. The Carruthers crane supplier also lost money.

Mr. Wilson said Burmah's UK refinery at Ellesmere Port lost almost £5m last year, partly as a result of the drop in demand and partly because of the high cost of North Sea oil feedstock. Burmah had called on the Government to encourage British National Oil Corporation to lower North Sea prices. "They have shown the same kind of resolve that has epitomised Mrs. Thatcher in the EEC —no give."

Referring to North Sea oil tax increases imposed in the recent budget, Mr. Wilson and Sir Alastair said there was a need for a more "rational" tax basis. The company was increasingly looking for exploration and production opportunities overseas.

Missiles 'fired from Syria at Israeli Air Force'

BY DAVID LENNON IN TEL AVIV

THE THREAT that tension between Israel and Syria might explode into armed conflict increased last night as Israel confirmed that Syria had fired missiles at Israeli aircraft flying over Lebanon yesterday.

U.S. diplomatic efforts to ease the crisis continued in Jerusalem, but there were no indications of any progress.

A number of missiles were fired, apparently from inside Syria, against Israeli aircraft on a routine patrol over central Lebanon at noon yesterday, but missed, the Israeli Army announced in Tel Aviv.

Lebanese reports of an unsuccessful early morning attempt by Syria to shoot down high-flying Israeli aircraft using missiles fired from inside Lebanon could not be confirmed.

The fact that Syria operated missiles stationed on her own soil, rather than the controversial ones which sparked off the crisis when they were moved into Lebanon two weeks ago, is being viewed in Israel as marking a serious deterioration in the situation.

Syria has not used anti-aircraft missiles against Israel since the 1973 war, even though in the last three years the Israeli Air Force has shot down 15 Syrian fighters over Lebanon.

Mr. Philip Habib, President Ronald Reagan's special envoy, held a second round of talks with Mr. Menahem Begin, the Israeli Prime Minister, yesterday. After the 50-minute meeting neither side would say if any progress was made. Mr. Habib met Israeli Foreign and Defence Ministry officials yesterday.

This morning he will meet Mr. Shimon Peres, Leader of the Labour Opposition, and may fly back to Damascus to report on his talks in Israel.

Mr. Habib is believed to feel that so long as he is in the area Israel will not carry out the threat to attack the Syrian missile batteries in the Bekka Valley of eastern Lebanon.

Israeli officials said that Mr. Habib was informed that while Israel was willing to allow time for diplomatic attempts to persuade the Syrians to remove the missiles, she could not wait forever.

The Knesset endorsed Mr. Begin's handling of the missile crisis yesterday by a small margin. His only support came from his governing coalition.

The Premier accused his critics in the Opposition of dividing the country. It was evident from the Parliamentary debate which preceded the vote that there were considerable doubts in Israel about the way in which Mr. Begin has handled this crisis.

David Buchan reports from Washington: Mr. Alexander Haig, the U.S. Secretary of State, said yesterday that Syria had increased her missile deployment in Lebanon.

After briefing Congressmen on the situation, which he described as "still serious and dangerous," he said: "There has been a thickening of Sam-6s, Sam-2s and Sam-3s in the area, and military posturing on both sides."

He said that Mr. Habib would stay "in the region" as long as "he could make a constructive contribution."

Begin "remarks" shock, Page 4

Healey lashes out at Benn

BY JOHN LLOYD, LABOUR CORRESPONDENT

MR. DENIS HEALEY yesterday ended a period of muted disapproval of developments inside the Labour Party with a scathing attack on Mr. Tony Benn.

His speech, to the Electrical and Plumbing Trades Union conference in Blackpool, was at once a rallying call to the Right-centre of the party and the opening round in his struggle to retain the deputy leadership of the party in the face of a strong challenge from Mr. Benn.

Without naming Mr. Benn, his rival, Mr. Healey made a number of unambiguous and hostile references to him and to his supporters. He accused them of:

- "Grubbing up votes in the past few days by offering political status to the prisoners in H-Blocks—saying a convicted criminal should be released from jail just because he won an election in Northern Ireland."
- "Continually accusing the last Labour Government—of which some of them were unprotesting members—of betraying the electorate."
- Demand "that MPs—and councillors too—should become grovelling zombies by submitting to the arbitrary dictates of self-appointed caucuses which meet in secret."
- Relying on "help from Communists and Trotskyists who reject parliamentary democracy in principle and from local bosses who believe politics must be made in the streets and not in Westminster and who seek servility in their MPs by packing in gparty meetings with paid stooges."

Mr. Healey warned that, unless the "nonsense" of permanent electioneering was reversed at the next Labour Party conference in October, "we shall not have time before the next election to repair the damage already done."

He said that the Labour victory in the local elections was too small in many areas, especially Greater London, to ensure the party a majority in the next General Election.

"By 1984 Mrs. Thatcher could have an extra £10bn from North Sea oil on top of what she had last year to give away in election bribes. Redistribution alone could rob us of a dozen seats.

"What worries me is this simple fact. After two years of Mr. Heath when unemployment was still under 1m our lead over the Tories was over 20 per cent. After two years of Mrs. Thatcher with unemployment racing up beyond 3m, our lead has never reached that level."

Mr. Healey was also harshly critical of the National Union of Public Employees—though again without naming them—for "bringing their boys out all over the country and bringing the Labour Government down and now when Mrs. Thatcher is in power they have rolled over on their back like a spaniel and let her tickle their tummy."

The speech, which had been expected once Mr. Healey was free from the constraints which he felt the local elections placed upon him, ended on a more hopeful note. He said he saw signs of a return to sanity.

Benn comments on N. Ireland, Page 12
Time to change the rules, Page 25

U.S. silver refiner may fold

BY PAUL BETTS IN NEW YORK

HANDY AND HARMAN, one of the leading U.S. refiners and processors of silver and other precious metals, disclosed yesterday it was considering a plan to liquidate its business, although no decision has yet been reached.

Mr. M. W. Townsend, chairman, made the unexpected disclosure at the company's annual meeting but declined to elaborate.

The move appears to be prompted by the substantial tax the company were to liquidate this year.

Mr. Townsend explained that under existing tax laws shareholders would avoid paying corporate taxes on the sale or exchange of assets, including stocks, if this took place before December 31. If liquidation was adopted after this date, the gain from a sale or exchange would be taxed first at the corporate level.

Mr. Townsend said the company had been studying the matter for more than a year, but "at present no decision has been reached." He added that the company was studying a number of options but declined to give details.

It was being suggested on Wall Street yesterday that some major shareholders might want to liquidate the company in order to benefit from the current tax advantage.

Some shareholders might also feel that Handy and Harman's assets, including considerable stockholdings of precious metals, are worth far more than the current stock market value. The shares have been trading recently at just over $32m.

At the end of last year some of the company's largest shareholders included Swiss Reinsurance Company of Switzerland (6.1 per cent); Mr. Warren Buffett, the largest outside shareholder of the Washington Post after the Graham family (14.8 per cent); the Dreyfus Leverage Fund (5.3 per cent); and the New York financier Mr. Ezra Zilkha (4.3 per cent).

Handy and Harman, which holds a powerful position in the U.S. silver and gold markets, also reported yesterday first-quarter income of $7.6m on sales of $160.8m.

The company said the 33 per cent and 40 per cent declines in income and sales respectively largely reflected the sharply depressed prices for gold and silver in the first quarter.

French shares fall

Continued from Page 1

However, to avoid excessive movements in the market, variations are confined to between 7 and 8 per cent per trading session.

A greater movement provokes a suspension, giving shareholders time to think.

What has happened during the last two days is that selling orders have found no buyers within the permitted variations. Hence the suspensions.

Yesterday, some brokers were forecasting that several stocks would go down by about 60 per cent before finding their base level. This would wipe out all the advances made since the last big bear market during the 1978 National Assembly elections.

The French franc remained under pressure on the Paris foreign exchange market, though, again, conditions were calmer than on Monday.

On the Paris gold market, the Napoleon coin, traditional refuge of the small savers, gained another 6.5 per cent to reach FFr 950, after its 8 per cent rise on Monday.

In contrast to the bourse and foreign exchange market, the political situation was strangely calm. The new President does not intend to make any public statement before the official proclamation of the election results by the Constitutional Council on May 20.

But there was some fluttering in the dove-cotes after it had been announced that M. Mitterrand is to lunch with M. Michel Jobert, the late President Pompidou's Foreign Minister.

M. Jobert publicly supported the Socialist leader in the final ballot of the Presidential election. The luncheon meeting predictably provoked speculation that M. Mitterrand might offer M. Jobert, leader of the tiny Movement of Democrats, a post in his interim administration.

Further dollar gains

Continued from Page 1

has lost billions of francs of currency reserves during the last two days.

Intervention to support the franc in the fortnight before the election was estimated at close to FFr 4bn.

The Bank of France was reported to have sold $50m and between DM 200m and DM 300m at the midday Paris fixing to bolster the franc, which remained all day at its EMS floor of FFr 240.93 per DM 100.

The fixing intervention was less than on Monday. But the central bank also sold further large amounts of currencies during the day.

The West German Bundesbank was another heavy seller of dollars, while the Swiss and Dutch central banks intervened to help their currencies.

The Swiss franc partly reflecting flows of funds into Switzerland from France, did not share in the general weakness of European currencies. It was barely changed at SwFr 2.0750 to the dollar against SwFr 2.0760 on Monday.

Rising interest rates are causing major worries in West Germany. Interest rates on newly-issued public sector bonds hit a post-war peak yesterday with the announcement that a DM 900m (£187m) loan is being launched for the federal post office with a 10½ per cent nominal interest rate, the first time the 10 per cent barrier has been broken since the war.

The main influence on financial markets yesterday was an increase in Eurodollar deposit rates. The three month rate rose to 20⅛ per cent from 19⅞ per cent on Monday.

Conquest of inflation is top priority says Howe

By Peter Riddell, Economics Correspondent

THE FIGHT against inflation remains the highest priority of the Government's economic strategy and must be sustained if unemployment is to be reduced, Sir Geoffrey Howe, the Chancellor, said last night.

In the third Mais Lecture at the City University, Sir Geoffrey gave what amounted to his considered reflections after two years as Chancellor. He was unrepentant about the broad thrust of the Government's approach and gave no hint of any relaxation in policy.

His theme was that "we have made a good start but we still have a long way to go. It is not sufficient to apply anti-inflationary policies for a brief period. That could not permanently conquer inflation and it would condemn us to a continuation of our long economic decline."

Sir Geoffrey offered no detailed new initiatives but he did develop a favourite theme about the need for wider public understanding of "the consequences for employment of pay settlements not consistent with monetary targets."

The Chancellor saw the possibility of a greater role for the National Economic Development Council in discussing such matters. "The Government may not yet have been open enough but trade unions should recognise the need for open and informed discussion on pay and competitiveness."

He also suggested that the all-party Treasury and Civil Service Committee of the Commons should study the case for constructive reforms of the labour market and the case for pay moderation.

These ideas are seen as low-key suggestions rather than as an attempt to relaunch a tripartite economic forum involving unions, industry and Government. This would anyway be rejected by the trade unions.

Sir Geoffrey concentrated on the reduction of inflation as a pre-condition for the restoration of growth and a cut in unemployment.

He said it was impossible to "go on compromising with inflation. Price stability—zero inflation—is possible."

Looking at the role of monetary policy, Sir Geoffrey said the average growth of money incomes had to be in line with the monetary target which imposed a "national cash limit." This allowed room for real growth of output in 1981-82, but the decisions of individuals would determine how much of the increase in money incomes went in price increases and how much into growth of real output.

Editorial Comment, Page 24

Weather

UK TODAY

Rain or showers in places. Temperatures near normal.

London, S.E., E. England
Sunny intervals and showers developing. Max. 17C (63F).

S., N.W. England, N. Wales, S., W. Scotland, N. Ireland
Rather cloudy, rain or showers. Sunny intervals developing. Max. 15C (59F).

S.W. England, S. Wales, Channel Is.
Hill and coastal fog lifting. Sunny intervals developing. Max. 16C (61F).

N.E. England, rest of Scotland
Hill and coastal fog, some bright intervals developing. Max. 14C (57F).

Outlook:
Sunny intervals and showers.

WORLDWIDE

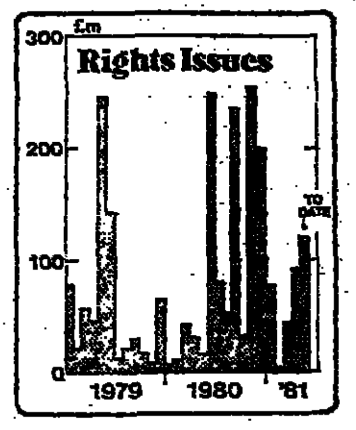
		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	C	15	59	Locarno	F	18	64
Algiers	F	21	70	London	C	14	57
Amsdm.	S	20	68	L. Ang.†	C	16	61
Athens	S	25	77	Luxmbg.	F	16	61
Bahrain	F	32	90	Luxor	S	38	100
Barclna.	F	17	63	Madrid	F	16	61
Beirut	S	23	73	Majorca	S	20	68
Belfast	F	15	59	Malaga	S	22	72
Belgrd.	C	14	57	Malta	S	23	73
Berlin	S	25	77	M'chstr.	S	18	64
Biarritz	F	15	59	Melbne.	C	20	68
Bmghm.	C	13	55	Miami†	S	21	70
Blackpl.	S	16	61	Milan	F	17	63
Bordx.	C	12	54	Montrl.†	C	13	55
Boulgn.	F	16	61	Moscow	S	13	55
Bristol	C	13	55	Munich	C	15	59
Brussels	F	18	64	Nairobi	F	25	77
Budapst.	F	20	68	Naples	T	12	54
Cairo	F	38	100	Nwcstl.	S	15	59
Cardiff	C	13	55	N York†	C	15	59
Cas'b'ca	C	19	66	Nice	C	17	63
Cape T.	F	18	64	Nicosia	S	22	72
Chicg.†	F	2	36	Oporto	F	16	61
Cologne	F	8	64	Oslo	S	24	75
Cpnhgn.	S	21	70	Paris	C	14	57
Corfu	S	21	70	Perth	S	27	81
Denver†	F	4	39	Prague	F	23	73
Dublin	S	19	66	Reykjvk.	C	8	46
Dbrvnk.	C	17	63	Rhodes	S	21	70
Ednbgh.	S	15	59	Rome	F	18	64
Faro	S	17	63	Salzbrg.	C	15	59
Florence	C	18	64	S F'cisc†	F	9	48
Frankft.	C	15	59	Singapr.	F	30	86
Funchal	F	21	70	Stckhm.	S	12	54
Geneva	C	13	55	Strasbg.	S	18	64
Gibraltar	S	21	70	Sydney	C	19	66
Glasgow	S	17	63	Tangier	F	18	64
G'rnsey	Fg	11	52	Tel Aviv	S	27	81
Helsinki	S	14	57	Tenerife	F	20	68
H. Kong	F	27	81	Tokyo	R	16	61
Innsbrk.	C	15	59	T'ronto†	C	8	46
Invrnss.	F	12	54	Tunis	F	24	75
I.o.Man	F	16	61	Valencia	F	22	72
Istanbul	F	18	64	Venice	F	18	64
Jersey	Fg	12	54	Vienna	S	21	70
Jo'burg	S	20	68	Warsaw	F	23	73
L. Pims.	S	20	68	Zurich	F	18	64
Lisbon	C	16	61				

C—Cloudy. F—Fair. Fg—Fog. R—Rain. S—Sunny. T—Thunder.
† Noon GMT temperature.

THE LEX COLUMN

Funding Cadbury's overseas push

Index fell 10.9 to 556.0



The gilt-edged market remains under the heavy cloud of high U.S. interest rates, and several minor squalls have combined to keep prices thoroughly waterlogged. Yesterday's figures for Government borrowing and wholesale output prices were not too bad, once adjusted for the civil service strike and the effects of the duty rises in the Budget, but raw material prices are now rising quite sharply as sterling slides against the dollar.

Holders of the notorious "Dog," Exchequer 12¼ per cent 1990, face a £550m call on Friday: some have been selling to avoid it. The bulldog bond for Finland, which looks to have been too tightly priced, has had a wretched start in the secondary market.

The weakness of gilt-edged took its toll of the equity market, which has problems of its own stemming from the sudden rush of rights issues. Three issues varying in size between £22m and £57m in three trading days suggest a scramble rather than a queue. The 30-Share Index was down by nearly 15 points at one stage, but equities, like gilts, closed above the worst.

Cadbury Schweppes

Cadbury Schweppes' share price was only 78p when the company reported its results in March, and although the annual report indicated a jump in capital spending commitments from £32m to £63.4m, and talked about North America as a priority region for further investment, the rights issue opportunity was passed up. More recently, however, the share price has topped the 100p mark, and with the Government broker's new issue queue rapidly filling up with rights offers and bulldog bonds—it is now hard to get a date this side of August—Cadbury has decided to float a one-for-five issue at 77p. The group is able to talk about an encouraging start to the year, but is not committing itself to anything more than a maintained dividend, and the market responded badly, with the shares down 9p to 85p on the day.

On the basis of full current cost cover for the dividend in 1980, Cadbury has a better justification for the injection of new capital than some other current rights candidates. The challenge, perhaps, is that the money seems to be earmarked for geographical areas where the group has found the going comparatively tough, notably the U.S. and Continental Europe. Last year only 39 per cent of Cadbury's trading profits were earned outside the UK, a proportion which the group would apparently like to see raised to more like half. The word from Cadbury is that although no imminent developments are likely, the pattern of spending should become clear over the next year or so. Meantime the supply of confectionery paper has been sharply increased by this issue and that from Rowntree Mackintosh, where the fall in the market has left the underwriters looking exposed.

Costain

Costain is proving that in a difficult market it can dig out the higher levels of turnover necessary to maintain—more or less—its nominal profits in spite of the decline of its high margin Middle East business. While turnover was down in the first six months, there has been a solid recovery in the second half. So at the trading level profits for the year are down a modest-enough 7½ per cent, although a lower level of property sales means that the decline is 11 per cent at the pre-tax level at £42.6m. With orders 20 per cent higher than a year ago, the company looks like being able to repeat the trick of relative stability in the current year.

Movement beyond the profits plateau still looks some way off, though in the medium term rent reviews and Australian coal mining look promising. On a bad day on the market the shares shed 12p to 244p, still way above the 124p low of last year. Quite apart from the double tax windfall from the change in stock relief, there is likely to be plenty of current cost cover for the improved dividend, which produces an above-average yield of 6 per cent.

Commercial Union

Commercial Union seems to be heading for its third year of falling profits. Underwriting losses in North America have jumped from £8.Am to £24.4m during the first quarter, and although the UK is looking reasonably stable, the group's pre-tax figure is down from £26.3m to £16.6m.

In the U.S., the operating ratio has deteriorated from 103.7 to 109.4 per cent. CU's claims experience is roughly in line with the rest of the industry, and although its expenses are still high, the group remains happy with the progress of its U.S. reorganisation. In Canada, the operating ratio has climbed to a fearsome 130 per cent or so, which must surely be somewhere near the limit. Royal Insurance, the market leader in Canada, will doubtless have something to say about this in its first quarter statement tomorrow.

The profit comparisons should look a lot more favourable over the rest of the year, but there may not be much scope for boosting a dividend which cost over £44m in 1980. The yield is 9½ per cent at 166p.

British Sugar

British Sugar Corporation's figures for the six months to March provide a foretaste of next week's full defence document against the bid from S. and W. Berisford. Pre-tax profits are up from a restated £13.9m to £18.1m, helped by further cost reductions as the effects of the heavy capital spending programme show through, and by the more favourable contract with the beet farmers. Last year BSC doubled its dividend to 15.5p net; this time the interim is raised from 2.75p to 7.5p.

BSC can afford to pay something like 22p net this year—which thanks to its low tax charge, would be comfortably covered by current cost earnings—and it will probably feel able to forecast historic cost pre-tax profits of rather over £45m. At 320p, down 5p yesterday, the shares prospectively yield nearly 10 per cent, which should be quite enough to hold them comfortably above Berisford's current 285p cash offer. But the p/e ratio on stated earnings is so low — around 5 times — that Berisford could bid much higher without any fear of dilution.

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